LITTLE ELM

# 2024

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

TOWN OF LITTLE ELM, TEXAS
FISCAL YEAR ENDED SEPTEMBER 30, 2024

LITTLE ELM

# Our Values

## *are who we are*

### INTEGRITY

*We are honest, loyal, trustworthy, transparent, fair and open minded, and have a culture of accountability. We keep our word and admit our mistakes. We stand up for what is right even in the face of a challenge, and do what is right, even if no one notices.*

### CUSTOMER SERVICE

*We are respectful, positive, attentive, approachable, responsive, and empathetic. We focus on being able to assist internal and external customers, not simply accommodate them. Whether the answer involves going the extra mile or sometimes even delivering bad news, we are courteous, patient, humble and professional.*

### SERVANT LEADERSHIP

*Putting the needs of others before one's self*

### EFFICIENCY

*We recognize that we are entrusted with resources ultimately owned by the community, and as stewards of those, are committed to use the minimum resources required to realize the maximum result. We will find the shortest path on a route or in a process, and operate without waste, with proper use of taxpayer dollars, and without compromising quality.*

### INNOVATION

*We have a willingness to grow, to explore new ideas and to challenge the status quo. We are open to change though we do not seek change unnecessarily. We allow the freedom to try new things, and recognize that through creativity and reasonable risk, we will build a stronger, healthier Town together. We are an organization dedicated to learning and continuous improvement.*

# Town of Little Elm, Texas

## Annual Comprehensive

## Financial Report

LITTLE ELM

**Fiscal Year Ended**

**September 30, 2024**


PREPARED BY:

**Kelly Wilson, CPM, CGFO—Chief Financial Officer**

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**Shane Urrutia, MPA - Budget Manager**

**Sheryl Champlin - Accountant**

**Kristin Mayo - Accountant**

**Rebecca Hunter - Purchasing Manager**

**Melissa Vera - Buyer**

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**Town of Little Elm, Texas**
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**September 30, 2024**

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# Introductory Section

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LITTLE ELM

# Town of Little Elm

March 13, 2025

To the Honorable Mayor, Members of Town Council, and
Citizens of Little Elm, Texas:

The Town's management staff is pleased to submit the Annual Comprehensive Financial Report of the Town of Little Elm ("Town") for the fiscal year ending September 30, 2024. Provided herein is a complete set of financial statements in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The purpose of this report is to provide council, management, staff, the public and other interested parties with detailed information regarding the Town's financial condition. State Law requires that every general-purpose local government publishes, within six months of the close of fiscal year, a complete set of audited financial statements. This report has been published to fulfill that requirement for the fiscal year ended September 30, 2024.

This report consists of management's representations concerning the finances of the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. It is managements responsibility for the contents of the ACFR. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to obtain an annual audit of the financial records and financial activities of the Town. Forvis Mazars, L.L.P., a firm of licensed certified public accountants, have audited the Town's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2024, are free of any material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering unmodified opinions that the Town's financial statements for the fiscal year ended September 30, 2024, and are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

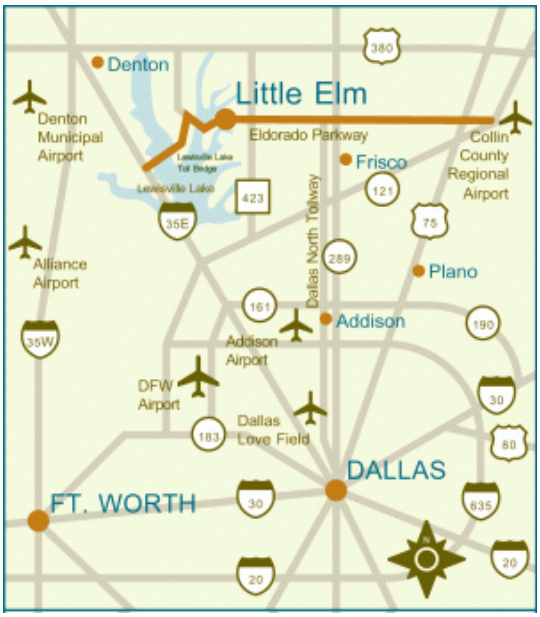
Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

### *Town Profile*

The Town of Little Elm was officially incorporated in 1966 encompassing 1,222 acres and in 2001 adopted the council-manager form of government and its Home Rule Charter. The Town operates as a Council-Manager form of government with the Town Council comprised of a mayor and six council members. The terms of offices are elected on staggered, three-year terms on a non-partisan basis. The Mayor, Place 1, and Place 6 are elected at large, whereas Places 2, 3, 4, and 5 are elected by district.

Under the provisions of the Town Charter, and subject only to the limitations imposed by the Texas Constitution, State Law, and the Town Charter, the Town Council enacts legislation, adopts the annual operating budget, and sets policy. The Town Manager, under the oversight of Town Council, serves as chief administrative officer by executing the laws and administering the government of the Town, as directed by the Town Council policies.

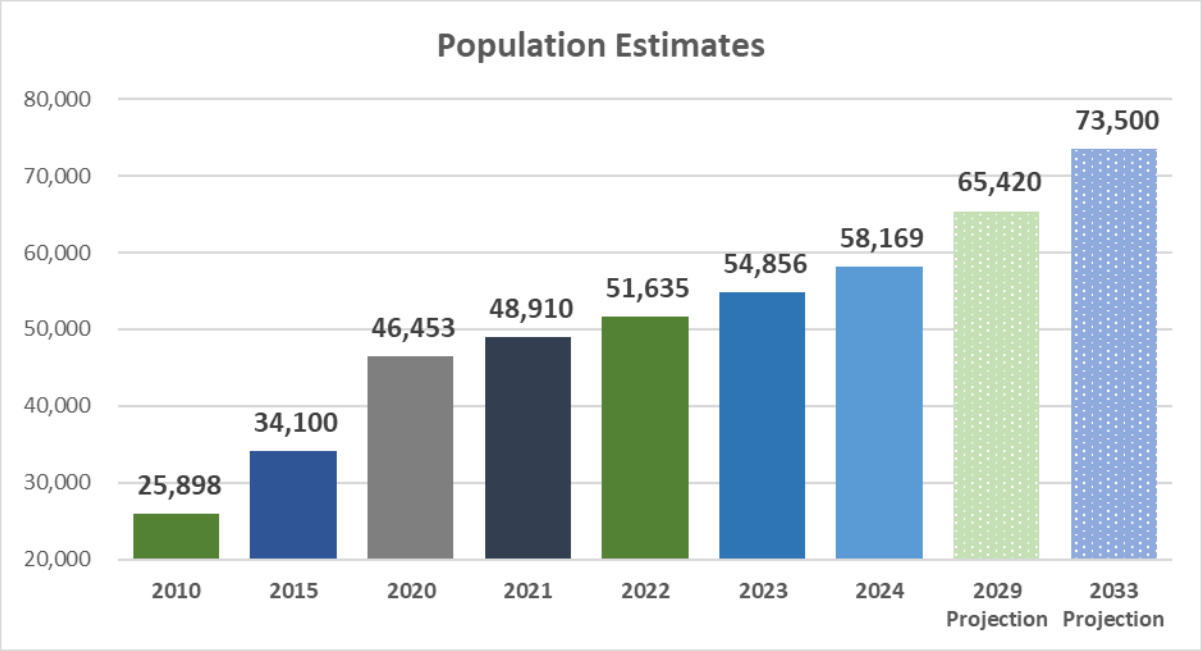
Little Elm is located in North Central Texas and covers approximately 22 square miles of the Dallas/Fort Worth Metroplex ("DFW"). Little Elm is situated in Denton County and located at the crossroads of US Highway 380, FM 423, and FM 720. The Town is primarily a bedroom community. The Town is all wet, in the sense that over 66 miles of the Town's corporate town limits are shoreline on Lewisville Lake, meaning that almost anywhere you travel in town, neighborhoods have a view of the lake, for which the Town is drawing more attention and attractions within the DFW region.




An inventory of the different school districts within Little Elm's corporate limits and ETJ is useful in attracting homebuyers. Little Elm has three school districts providing services to the community. The Little Elm Independent School District ("ISD") serves most of the community. The Denton ISD covers the northern section of the community and serves development along Highway 380. The Frisco ISD serves the eastern section of Little Elm.

The mission of the Town of Little Elm is to build our unique lake opportunities and hometown charm, encourage diverse housing options and business opportunities, and provide an unmatched quality of life. The vision of the Town of Little Elm is a distinct and desirable lakeside destination for all people to live and play while enjoying a safe, vibrant, and welcoming community.

The 2020 Census population for the Town was 46,453, and the 2024 estimate is 58,169.




Source: Population estimates to date are from North Central Texas Council of Governments. Future estimates are from Town of Little Elm staff.

### *Services Provided*

The Town provides a full range of public services. These services include police, fire protection, emergency medical services, construction and maintenance of streets and other infrastructure; recreation services, library services; parks maintenance and public utilities. The Town's utilities include water and wastewater, drainage and sanitation services. The Town operates its own wastewater treatment facility.

Community Waste Disposal ("CWD") provides solid waste collection; and the North Texas Municipal Water District ("NTMWD") provides water for the Town on a "take-or-pay" basis. The Town's drainage utility operates to mitigate drainage and environmental hazards and is self-supporting with fees billed monthly to all residential and commercial customers. The Town provides on a contractual basis to areas in its extra-territorial jurisdictions ("ETJ") public safety and construction inspections.

### *Financial System and Budgetary Controls*

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The contract of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the Town's utilities and other proprietary activities are maintained on a fully accrual basis.

Town Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their annual budget requests during the budget workshop. It is during this collaborative workshop setting including the Town Manager, Department Directors, and involved staff, each fund's proposed budget is balanced to comprise the Town Manager's Proposed Budget to Town Council. The proposed budget receives additional scrutiny by the Town Council by holding subsequent workshop sessions. Prior to official adoption of the budget and tax rate by Town Council, any required notices, publications, and public hearings on the proposed tax rate and budget are held to allow for public input.

The objective of budgetary controls is to ensure compliance with the legal provision contained in the annual budget approved by the Town Council. The budget is developed on a departmental level and adopted at the fund level. The level of control at which expenditures may not exceed budget with our Town Council approval is at the fund level. The Town Manager has authority to approve individual departmental budget overages. This budgetary level serves as the foundation for the Town's financial planning and control. The Town Council approves any amendment or additional funding requests for appropriations when the budget is exceeded at the fund level or for any that were unforeseen during the regular budget process. These amendments shall be by ordinance and shall become an attachment to the original budget.

The accompanying Annual Comprehensive Financial Report incorporates all funds of the Town and includes all government activities, organizations and functions for with the Town is financially accountable including its component units. The Town's component units are legally separate entities for which the Town is financially accountable but are not part of the Town's operations.

The Town's discretely presented component units are:

- Little Elm Economic Development Type 4A Sales Tax Corporation (EDC)
- Little Elm Community Development Type 4B Sales Tax Corporation (CDC)

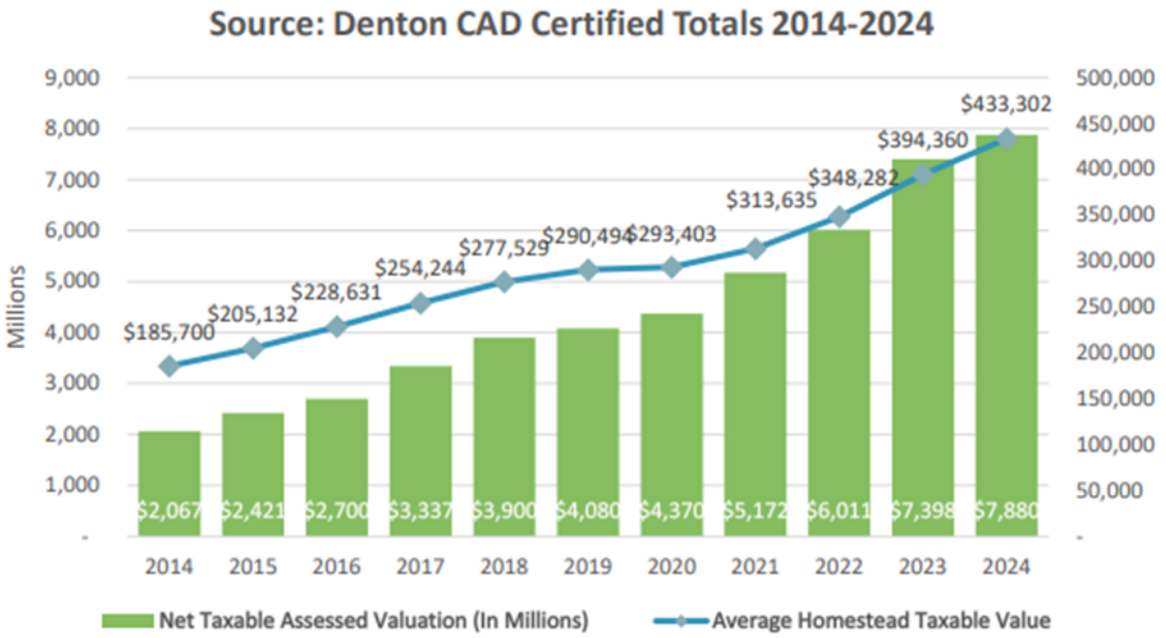
### *Relevant Financial Policies*

The Town has established reserve policies for its' operating funds. The Town will maintain an unassigned fund balance in its General Fund, equal to three months or 25% of the regular General Fund operating expenditure. Additionally, The Town will maintain a reserve of cash and investments in the Water Wastewater Fund equal to four months (120 days) of the total operating revenue. The reserve will be calculated based on total operating revenues from the last audited financial statements of the Water Wastewater Fund.

The Town has established a comprehensive financial policy with subsections dedicated to investments, purchasing, budgeting, asset management, P-Cards, and debt. In 2019, a debt post issuance policy was added. The debt post issuance policy outlines the Town's responsibility to comply with bond covenants including applicable code provisions or regulations. This policy also designates who is responsible for such actions. Another initiative the Finance office took on this last year were internal random cash audits to Town departments that handle cash. This proved to be very successful and allowed Finance to implement best practices.

### *Economic Conditions and Outlook*

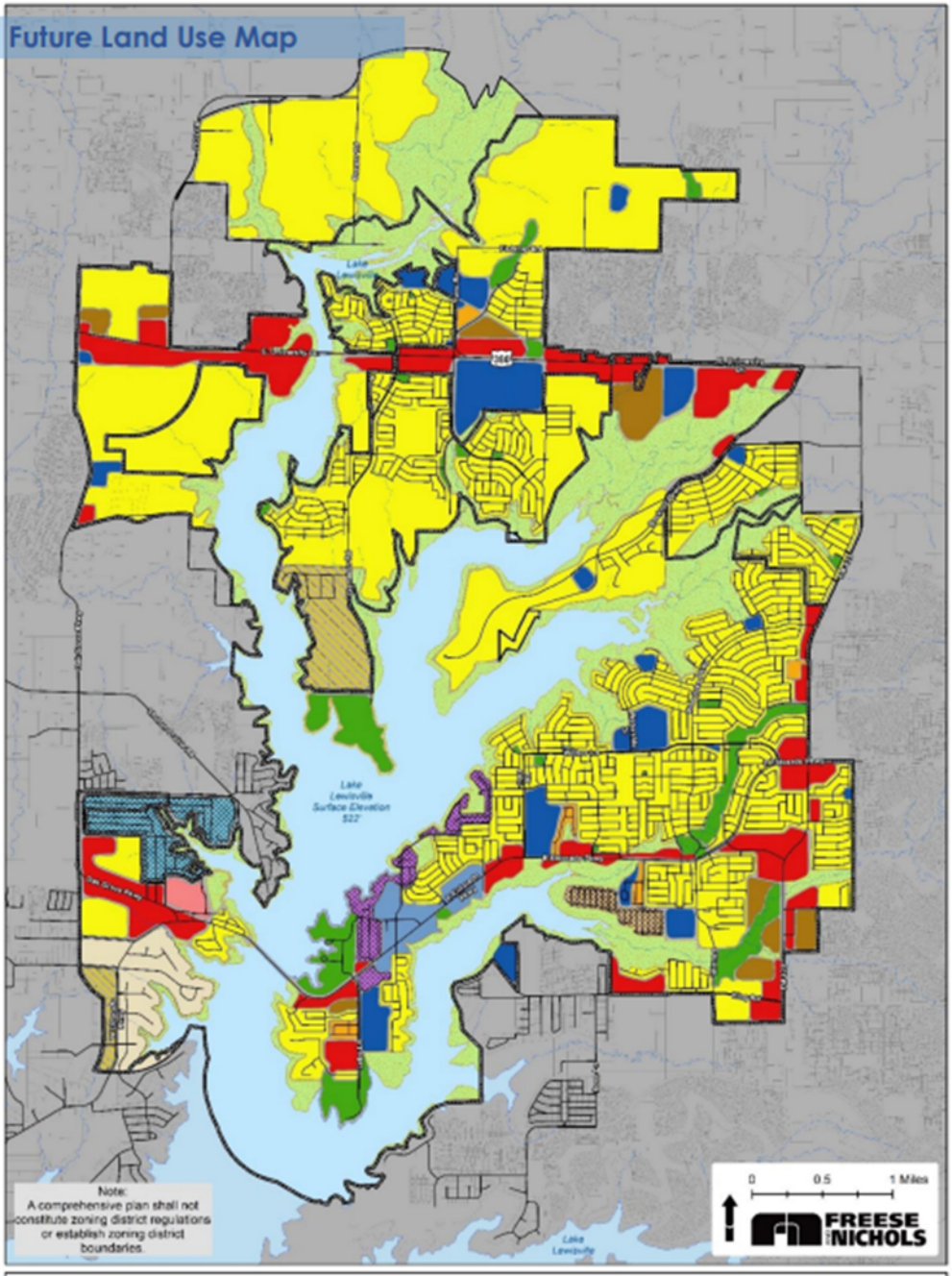
The Town continues to manage and plan for continued growth because of the strong economy in the Dallas-Fort Worth area. The new development is guided by design guidelines, a 2017 Comprehensive Plan, a Strategic Plan, and a Capital Improvements Plan. Unlike the cities of Dallas, Plano, and Frisco located to the south, the Town of Little Elm is characterized as a lake front community that is made up of a variety of single-family neighborhoods and master planned developments. While residential growth remains strong with 1,258 single family permits issued in 2024, the Town is a full-service town of 58,000+ residents. The Town offers a variety of commercial retail and shopping opportunities as well as a regional destination area, the Lakefront District. In 2024, we welcomed 127 new businesses to Little Elm. New commercial construction is valued at $61M. The Town also has 2,672,165 square feet of retail space. Of that, there are currently 194,131 square feet available for lease, meaning that Little Elm's current lease rate is 92.74%. In addition, there are 408,120 shovel ready square feet already committed to future development projects.




The Little Elm Economic Development Corporation continues its work in attracting high quality businesses to Little Elm to increase both the tax base and local employment. The Town continues to benefit from other favorable conditions associated with a desirable location for work, destination, and living.

The economy influences the timing of population increases and the types of development that occur will affect the build-out of the Town. The Town Council adopted a new Comprehensive Plan in 2017 and is currently being updated to reflect our future vision with two key corridor studies. Policymakers and Town staff use this document as a guide while reviewing development projects, the Town budget, prioritizing capital improvement projects, and updating our development ordinances to direct growth that leads to the established vision. The Future Land Use Plan, which is in the works of being updated (below) graphically sets an overall framework for the preferred pattern of development within Little Elm.

## Future Land Use Map




LITTLE ELM

### Future Land Use

- Estate Residential
- Ranchette Residential
- Low Density Residential
- Medium Density Residential
- High Density Residential
- Public/Semi-Public
- Parks and Open Space
- Floodplain/ CORP
- Retail/ Commercial
- Lakefront District
- Special Planning Area 1
- Special Planning Area 2
- Special Planning Area 3
- Mixed Use
- Lake Lewisville
- Town Limits
- ETJ
- Streams

x

### *Long-Term Financial Planning Process*

- **Comprehensive Strategic Plan Update:** Council was updated on the Town's Comprehensive Strategic Plan for 2024. This helped outline the objectives the Town Council established to provide a community that is safe, diversified in housing opportunities, and inclusive. For more information about the Town's Strategic Plan that sets the vision for the Town and charts its course for the community, please visit: https://www.littleelm.org/1429/Plan-Progress.
- **Operations and Maintenance**: Each year the Town prepares a balanced budget, with the involvement of the Town Council, Town Manager, Executive Management Team, finance staff and other employees. Discussions regarding the future of the Town's financial health are a high priority during budget preparation. Fiscal year 2024 was the eleventh year for the Town to utilize a multi-year budgeting format. The multi-year budget process takes historical trends, changes in policy and economic conditions (now and projected) into consideration as applicable. The total number of budgeted full-time equivalents (FTE's) is 391 for the 2024-2025 budget.
- **Capital Improvement Program**: A major component of the budgeting process every year is the Capital Improvement Program (CIP). Extensive planning takes place throughout the year involving input from the Town Council, Town Boards (Parks Board, Planning and Zoning Board) and the Executive Management Team. The focus of this planning is ongoing funding of current CIP projects, and how the Town will fund currently unfunded CIP projects in the future. During this process, attention is given to the impact the projects will have on the future operations and maintenance costs along with debt service levels based on policies established.

## Anticipated Long-Term Financial Impacts

Due to the Town's economic growth, Town Council created seven Public Improvement Districts ("PID") and participates in four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5, and #6). These Special Districts are separate, special-purpose governmental units that exist separately from local governments. They are formed to perform a single function or a set of functions. Note 14 to the Financial Statements specifically addresses the creation of each zone and district.

To provide a safe and welcoming environment to live in and visit, the Town has invested in a fourth fire station and public safety annex facility. This single-story, 15,500 square-foot building will provide a connection to the north-west corridor of our community to enhance public safety. The Town continually invests from the quarter cent sales tax maintenance of the Town's streets, sidewalks, curbs, and gutters. In 2024, $2.3 million was expended from the annual street maintenance program. The Town has entered several interlocal agreements to improve the access to roads shared between communities. In 2024, the Town updated the parks, recreation and open space master plan by examining the population and demographic trends, doing a standard analysis, and seeking public input through a needs assessment. This will help guide the Town as we invest in the parks and recreation for the community. The Town installed a 24-hour library kiosk to allow the community to access library materials in the northern community of Little Elm. We also added a large dog area at Wood Family Dog Park and began construction on Cottonwood Park enhancements to be completed in early 2025. In May 2024 Public Works celebrated the remodeling of the Public Works Service Center. While ensuring we provide exceptional customer service, we were able to lower the tax rate by three cents from the prior year. As our community grows, Council strives to continue excellence in the delivery of public services with a focus on enhancing our infrastructure and empowering the staff. The council's goal is to meet the needs of our expanding community while providing exceptional value to our residents.

## AWARDS AND ACKNOWLEDGEMENTS

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. This was the fourteenth year that the Town has received this prestigious award. To be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

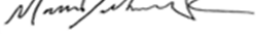
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The Town has also received the Popular Annual Financial Report (PAFR) award that was received for the fifth consecutive time from GFOA. This report is designed to provide a user-friendly and easily understood report to the public and other interested parties that lack a background in public finance. It is the Town's desire to achieve this award every year.

**Acknowledgements**

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. We would also like to thank the Mayor and Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Little Elm's finances.

Respectfully submitted,



Matt Mueller
Town Manager

Kelly Wilson, CPM, CGFO
Chief Financial Officer

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Little Elm**
**Texas**

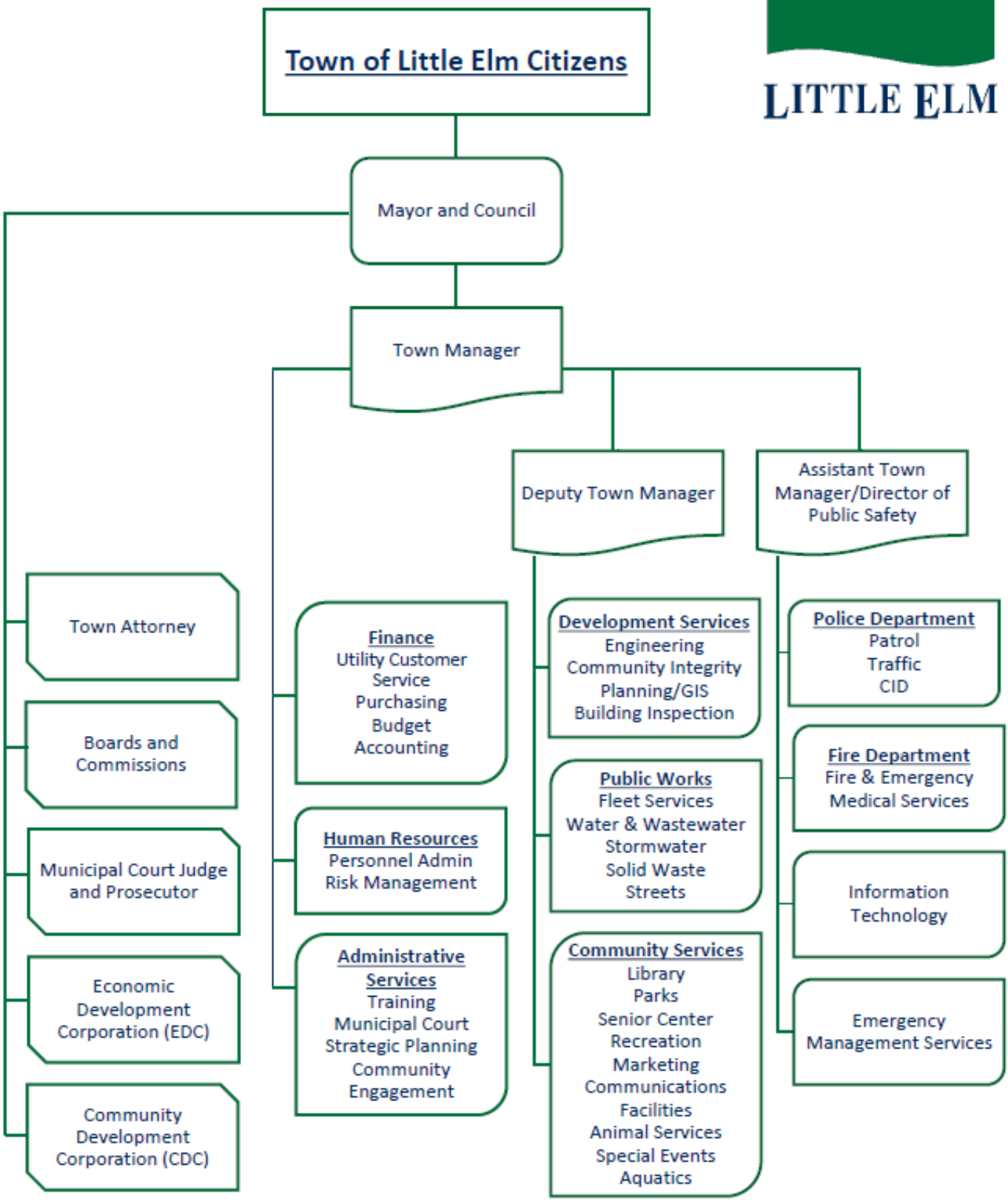
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

# TOWN OF LITTLE ELM, TEXAS



## Town of Little Elm, Texas

Town Officials

### Council Members

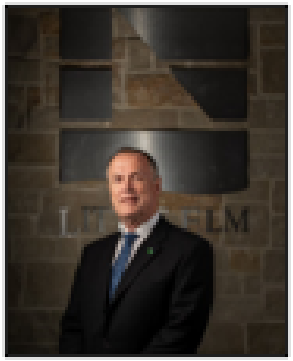
| | |
|---|---|
| Curtis J. Cornelious | Mayor |
| Jamell T. Johnson | Mayor Pro Tem & At Large, Place 1 |
| Tony Singh | District 2 |
| Ken Eaken | District 3 |
| Lisa G. Norman | District 4 |
| Andrew Evans | District 5 |
| Michel Hambrick | At Large Place 6 |

### Executive Staff

| | |
|---|---|
| Matt Mueller | Town Manager |
| Doug Peach | Deputy Town Manager |
| Joe Florentino | Assistant Town Manager/Director of Public Safety |
| Caitlan Biggs | Town Secretary/Director of Administrative Services |
| Chad Hyde | Director of Community Services |
| Fred Gibbs | Director of Development Services |
| Jennette Espinosa | Executive Director of the Little Elm Economic Development Corporation |
| Kelly Wilson | Chief Financial Officer |
| Paul Rust | Fire Chief |
| Shea Rogers | Chief Information Officer |
| Deidre Hale | Director of Human Resources |
| Rodney Harrison | Police Chief |
| Jason Shroyer | Director of Public Works |

# Town of Little Elm

MAYOR AND TOWN COUNCIL



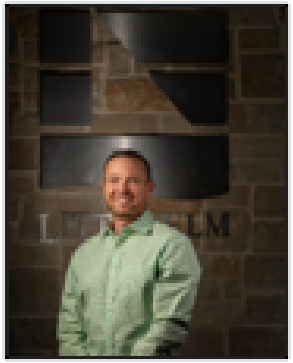
Ken Eaken
District 3

Mayor Curtis J. Cornelious

Tony Singh
District 2

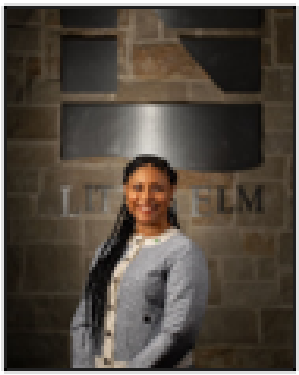
Lisa Norman
District 4

LITTLE ELM



Andrew Evans
District 5

Jamell Johnson
Mayor Pro Tem
At Large, Place 1



Michel Hambrick
At Large, Place 6

## 2023-2024 Annual Comprehensive Financial Report

# Financial Section

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Dallas, TX 75254
P 972.702.8262 | F 972.702.0673
forvismazars.us

# Independent Auditor's Report

The Honorable Mayor and
Members of the Town Council
Town of Little Elm, Texas

## *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Elm, Texas (Town), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

**Dallas, Texas**
**March 13, 2025**

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As management of the Town of Little Elm, we offer the reader of the Town's financial statements this narrative and analysis of the financial activities of the Town of Little Elm for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the financial reports that follow in this section.

## *Financial Highlights*

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $470,659,077 (net position). Of this amount $122,066,871 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by $37,712,972 during the fiscal year. Please see page 10 explaining the increase.
- The Town's total amount of debt and long-term liabilities is $140,903,419, which is a net increase of $16,845,202 when compared to the prior year. See page 14 explaining the increase in debt and long-term liabilities.
- As of the close of the current fiscal year, the Town of Little Elm's governmental funds reported a combined ending fund balance of $107,734,165, an increase of $4,160,638 in comparison with the prior year as a result of the issuance of long-term debt used to fund capital projects. Within this total, $26,244,479 (24%) is restricted by specific legal requirements, $56,752,267 (53%) is unassigned fund balance, and $250,928 (0.2%) is nonspendable.

## *Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the Town of Little Elm's basic financial statements. The Town of Little Elm's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broader overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The Statement of Net Position presents information on all of the Town's assets and liabilities, and deferred inflows/outflows of resources with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating. The statement of net position combines and consolidates governmental and business-type current financial resources with capital assets and long-term obligations. In order to assess the overall health or financial condition of the Town, other non-financial factors should also be taken into consideration. These include changes in the Town's property tax base and the condition of the Town's infrastructure (i.e., streets, drainage improvements, storm and sewer lines, etc.).

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide statements distinguish between governmental activities and business- type activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most Town services are reported in governmental activities while business-type activities are reported in the Enterprise Fund. The governmental activities of the Town include general government, community services, public safety, public works, and culture and recreation. The business-type activities of the Town include water and sewer services and solid waste services.

The government-wide financial statements include not only the Town of Little Elm itself (known as the primary government), but also two discretely presented component units. The Town's sales tax corporations are the Little Elm Economic Development Corporation 4A (LEEDC) and Little Elm Community Development Corporation 4B (LECDC). Although legally separate, these component units operate under the criteria of board appointment and removal by the Town Council. Approval and oversight of capital projects as well as budget appropriations and approval is under the authorization of the Town Council.

*Fund Financial Statements*

The Town, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Little Elm maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, the PID capital projects fund, and the landscape fund, all of which are considered to be major funds. All capital project funds are combined for a single, aggregated presentation. Data from the other non-major funds are also combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary Funds*

The Town maintains two types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same function as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water/sewer and solid waste operations. The internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town of Little Elm uses its internal service fund to account for vehicle and equipment replacements.

Proprietary funds financial statements provide the same type of information as the government- wide financial statements, only in more detail.

*Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Little Elm's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has one fiduciary fund that reflects PID activity.

*Notes to the Financial Statements*

The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

*Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

## *Government-Wide Financial Analysis*

At the end of fiscal year 2024, the Town's net position (assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources) totaled $470,659,077. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

*Net Position*

The largest portion of the Town's net position, $334,726,996 or 71% reflects its investment in capital, lease and subscription assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital, lease and subscription assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

An additional portion of the Town's net position, $13,865,210 or 3%, represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is $122,066,871 or 26% may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Schedule of Net Position

| | Governmental Activities | | Business-Type Activites | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | $ 131,979,545 | $ 125,984,422 | $ 67,821,265 | $ 48,745,420 | $ 199,800,810 | $ 174,729,842 |
| Capital assets | 320,845,504 | 292,172,423 | 104,851,672 | 100,732,627 | 425,697,176 | 392,905,050 |
| Total assets | 452,825,049 | 418,156,845 | 172,672,937 | 149,478,047 | 625,497,986 | 567,634,892 |
| Deferred outflows of resources | 4,753,720 | 6,677,541 | 802,432 | 1,054,407 | 5,556,152 | 7,731,948 |
| Total assets and deferred outflows of resources | $ 457,578,769 | $ 424,834,386 | $ 173,475,369 | $ 150,532,454 | $ 631,054,138 | $ 575,366,840 |
| Current liabilities | $ 16,011,159 | $ 10,317,622 | $ 10,391,181 | $ 3,379,534 | $ 26,402,340 | $ 13,697,156 |
| Noncurrent liabilities | 79,413,566 | 83,976,911 | 50,163,633 | 40,081,306 | 129,577,199 | 124,058,217 |
| Total liabilities | 95,424,725 | 94,294,533 | 60,554,814 | 43,460,840 | 155,979,539 | 137,755,373 |
| Deferred inflows of resources | 4,394,131 | 4,643,325 | 21,391 | 22,037 | 4,415,522 | 4,665,362 |
| Net position | | | | | | |
| Net investment in capital assets | 264,149,945 | 244,186,130 | 70,577,051 | 68,786,015 | 334,726,996 | 312,972,145 |
| Restricted | 8,044,726 | 29,637,274 | 5,820,484 | 5,556,868 | 13,865,210 | 35,194,142 |
| Unrestricted | 85,565,242 | 52,073,124 | 36,501,629 | 32,706,694 | 122,066,871 | 84,779,818 |
| Total net position | 357,759,913 | 325,896,528 | 112,899,164 | 107,049,577 | 470,659,077 | 432,946,105 |
| Total liabilities, deferred inflows of resources and net position | $ 457,578,769 | $ 424,834,386 | $ 173,475,369 | $ 150,532,454 | $ 631,054,138 | $ 575,366,840 |

*Changes in Net Position*

The net position of the Town increased by $37,712,972 from the prior year. See narrative below for explanation of increase.

*Governmental Activities*

Governmental activities increased the Town's net position by $31,863,385 from the prior year. This increase in net position is attributed to various growth factors within the community. Higher property values and capital contributions from the developers of the various PIDS within the Town played a significant role in this growth. Charges for services increased primarily due to increased revenues from ambulance services, interlocal agreements, plan reviews, and special events. Additionally, favorable market conditions benefited the Town's investment returns. However, expenses in general government and public safety rose due to higher salaries and benefits related payroll, while public works costs increased with the continuation of the four-year pavement program that started in FY2023. Transfers decreased as a result of less PID related water and sewer infrastructure assets contributions than the previous year.

*Business-type Activities*

The net position from business-type activities increased $5,849,587 from the prior year. The annual report reflects an increase in charges for services, driven by a two percent increase in water rates and a five percent increase in solid waste rates to offset higher service fees from Community Waste Disposal. FY2024 also saw an unusually hot summer, resulting in higher water usage and increased expenses for purchasing additional water. Furthermore, the Town received developer contributed capital assets in FY2024. However, transfers decreased due to less PID related water and sewer infrastructure assets being donated in FY2024 compared to the previous year. The Town also benefited from favorable market conditions related to investments.

## *Government-Wide Financial Analysis*

Table 2
Condensed Statement of Activities

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Revenues** | | | | | | |
| Program revenues | | | | | | |
| Charges for services | $ 26,276,234 | $ 15,308,240 | $ 25,372,750 | $ 26,400,524 | $ 51,648,984 | $ 41,708,764 |
| Operating grants and contributions | 1,513,766 | 13,750,476 | - | - | 1,513,766 | 13,750,476 |
| Capital grants and contributions | 23,431,655 | 34,477,287 | 2,063,667 | 3,984,868 | 25,495,322 | 38,462,155 |
| General revenues | | | | | | |
| Property taxes | 42,342,937 | 38,361,923 | - | - | 42,342,937 | 38,361,923 |
| Sales taxes | 10,483,808 | 9,181,331 | - | - | 10,483,808 | 9,181,331 |
| Franchise taxes | 2,920,813 | 2,993,276 | - | 251,024 | 2,920,813 | 3,244,300 |
| Grants not restricted to specific programs | 644,351 | 1,869,781 | - | - | 644,351 | 1,869,781 |
| Investment income | 6,902,323 | 5,901,906 | 2,530,314 | 2,145,139 | 9,432,637 | 8,047,045 |
| Other | 1,061,550 | 353,848 | 50,935 | - | 1,112,485 | 353,848 |
| Gain on sale of capital assets | 62,708 | 278,957 | - | 15,412 | 62,708 | 294,369 |
| Total revenues | 115,640,145 | 122,477,025 | 30,017,666 | 32,796,967 | 145,657,811 | 155,273,992 |
| **Expenses** | | | | | | |
| General government | 13,809,167 | 10,892,954 | - | - | 13,809,167 | 10,892,954 |
| Community services | 4,670,995 | 4,472,775 | - | - | 4,670,995 | 4,472,775 |
| Public safety | 36,807,578 | 35,635,979 | - | - | 36,807,578 | 35,635,979 |
| Public works | 13,951,578 | 10,587,808 | - | - | 13,951,578 | 10,587,808 |
| Culture and recreation | 11,305,015 | 10,794,712 | - | - | 11,305,015 | 10,794,712 |
| Interest expense | 3,531,579 | (55,101) | - | - | 3,531,579 | (55,101) |
| Water and sewer services | - | - | 20,598,666 | 17,277,567 | 20,598,666 | 17,277,567 |
| Solid waste services | - | - | 3,270,261 | 3,001,660 | 3,270,261 | 3,001,660 |
| Total expenses | 84,075,912 | 72,329,127 | 23,868,927 | 20,279,227 | 107,944,839 | 92,608,354 |
| Change in net position before transfers | 31,564,233 | 50,147,898 | 6,148,739 | 12,517,740 | 37,712,972 | 62,665,638 |
| Transfers | 299,152 | (2,691,784) | (299,152) | 2,691,784 | - | - |
| **Change in Net Position** | 31,863,385 | 47,456,114 | 5,849,587 | 15,209,524 | 37,712,972 | 62,665,638 |
| **Net Position, Beginning** | 325,896,528 | 278,440,414 | 107,049,577 | 91,840,053 | 432,946,105 | 370,280,467 |
| **Net Position, Ending** | $ 357,759,913 | $ 325,896,528 | $ 112,899,164 | $ 107,049,577 | $ 470,659,077 | $ 432,946,105 |

*Governmental Funds*

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of $107,734,165.

Table 3
Governmental Funds
Condensed Balance Sheet

| | General Fund | Debt Service | Capital Projects | PID Capital Projects | Landscape Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|---|---|---|
| Assets | $ 60,965,631 | $ 2,737,659 | $ 46,174,735 | $ 3,370,466 | $ 3,940,286 | $ 5,815,169 | $ 123,003,946 |
| Liabilities | $ 2,900,875 | $ 15,078 | $ 6,193,465 | $ - | $ 86,505 | $ 441,217 | $ 9,637,140 |
| Deferred inflows of resources | 1,137,689 | 64,017 | 911,292 | - | 3,519,643 | - | 5,632,641 |
| Fund balances | 56,927,067 | 2,658,564 | 39,069,978 | 3,370,466 | 334,138 | 5,373,952 | 107,734,165 |
| Total liabilities, deferred inflows of resources and fund balances | $ 60,965,631 | $ 2,737,659 | $ 46,174,735 | $ 3,370,466 | $ 3,940,286 | $ 5,815,169 | $ 123,003,946 |

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was $56,764,477. The unassigned fund balance of the General Fund increased by $8,281,943 primarily due to higher property, sales, and franchise tax collections resulting from the Town's growth. Intergovernmental revenues remained steady, driven by eligible expenditures of ARPA and SAFER funds. Charges for services increased primarily due to increased revenues from ambulance services, plan reviews, and special events. Additionally, the Town benefited from favorable market conditions regarding investments with interest earnings growing by $886,000, or 38%, compared to the previous year. The Town has a strong unassigned fund balance, which is planned to be gradually drawn down over the next five-years, as reflected in the Town's annual budget and four-year financial plan.

The Debt Service Fund had an increase of $571,832 in fund balance, attributed to higher property tax revenue due to Town growth, as well as market conditions that positively impacted investments, resulting in a $159,000 (103%) increase in investment income. The increase in revenues were offset by level debt service costs. The Debt Service Fund also transferred funds to the Water and Sewer Fund to cover its debt service obligations that was accounted for in the I&S tax rate.

The Capital Projects Fund experienced a decrease of $567,617 primarily due to capital expenditures for various projects, partially offset by debt issuance, transfers, and interest earnings. This fund is designated to account for multi-year projects, which typically take more than one year to complete.

The PID Capital Projects Fund decreased by $5,388,765, mainly due to the expansion of PID projects within the Town. The PID Capital Projects Fund finances improvements and infrastructure projects in designated geographic areas. These districts are typically created to support public improvements that benefit residents and businesses in those areas, such as road repairs, parks, lighting, water systems, and other public infrastructure.

The Landscape Fund decreased by 38,519, primarily due to a reduction in transfers from the Solid Waste Fund.

Other governmental funds' had a combined increase in fund balances of $1,301,764, with nearly all of the increase attributable to collections of property tax, sales tax, franchise tax, and intergovernmental revenue in various Special Revenue Funds. At year end, almost the entire ending fund balance, $5,373,952, is restricted for specific purposes. For more details, see Combining and Individual Fund Financial Statements and Schedules section.

*Proprietary Funds*

The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

At the end of the year, the unrestricted net position of the Enterprise Funds was $36,501,629, reflecting an increase of $5,849,587 compared to the previous year. Operating revenue for the year was $26,950,394, an increase of $469,702 from last year's operating revenue. This increase is largely due to a two percent water rate increase and a five percent rate increase for solid waste services. Solid waste rates had not been raised since 2020, but this increase was necessary to offset higher disposal fees passed onto the Town by Community Waste Disposal. Additionally, a particularly hot summer resulted in higher water consumption, contributing to increased revenue. The Town also realized an increase in expenditures for the purchase of water due to North Texas Municipal Water District (NTMWD) increasing the customer city rate by $0.25 per 1,000 gallons. Interest revenues increased by $385,175, or 18%, over the prior year, driven by the Town's active investment strategy in favorable market conditions.

*General Fund Budgetary Highlights*

The Town implements a 5 year financial plan that allows the Town to look ahead in order to meet the growth and service needs of the Town. In FY2024, the General Fund expenditure budget was increased by $5,312,629 over the FY2023 budget. Amendments made during FY2024 increased the original revenue and other financing sources budget by $492,970 and increased the expenditure and other financing uses budget by $5,161,203 within the General Fund.

The Town primarily amended the budget to transfer excess revenue received from the prior year to CIP fund for future capital projects. During the fiscal year, the Town analyzes their quarterly financial statements and determines if a budget amendment is reasonable and necessary. All budget amendments receive scrutiny and Town Council approval through an ordinance.

In the General Fund, the actual revenue received was $11,484,155 more than budgeted. This positive variance is most noticeable in taxes, interest, licenses and permits, and charges for services. This was due to growth in the community and favorable market conditions for investments.

*Capital Assets*

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to $425,697,176 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, park facilities, vehicles, machinery and equipment, roads, bridges and water and sewer lines. About 75% of the capital assets are governmental and 25% are business-type activities. The total increase in the Town's investment in capital assets for the current year was 8.3%.

Table 4
Capital Assets at Year-end
(net of accumulated depreciation)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | $ 11,830,360 | $ 10,210,630 | $ 2,611,684 | $ 1,639,066 | $ 14,442,044 | $ 11,849,696 |
| Construction in progress | 79,753,052 | 64,895,051 | 23,890,482 | 21,439,988 | 103,643,534 | 86,335,039 |
| Buildings | 52,771,317 | 53,008,071 | 1,813,714 | 1,848,718 | 54,585,031 | 54,856,789 |
| Infrastructure | 151,085,596 | 137,197,827 | 74,699,025 | 73,646,231 | 225,784,621 | 210,844,058 |
| Other improvements | 14,481,299 | 16,075,211 | - | - | 14,481,299 | 16,075,211 |
| Machinery and equipment | 9,127,082 | 10,073,875 | 1,497,335 | 1,656,924 | 10,624,417 | 11,730,799 |
| Right of Use Assets | 1,379,168 | 111,317 | - | - | 1,379,168 | 111,317 |
| Subscription assets | 417,630 | 600,441 | 339,432 | 501,700 | 757,062 | 1,102,141 |
| Total | $ 320,845,504 | $ 292,172,423 | $ 104,851,672 | $ 100,732,627 | $ 425,697,176 | $ 392,905,050 |

Major capital asset events during the current fiscal year included expansion of the PID projects (including developer contributions), purchases of land, service center expansion, construction of fire station and public safety annex, and water infrastructure improvement projects.

Additional information on the Town's capital assets can be found in Note 5 of the notes to the financial statements.

*Debt Administration*

At the end of the current fiscal year, the Town of Little Elm had total bonded debt outstanding of $116,930,000, all of which is backed by the full faith and credit of the Town. The increase in debt outstanding is attributed to the issuance of the 2024 Certificates of Obligation for both governmental activities and business-type activities for capital projects. Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Table 5
Outstanding Debt
Outstanding Debt and Long-Term Liabilities

| | Governmental Activities | | Business-Type Activities | | Total | | Component Units | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Gross bonded debt | | | | | | | | |
| General obligation | $ 10,710,000 | $ 13,010,000 | $ 10,935,000 | $ 12,425,000 | $ 21,645,000 | $ 25,435,000 | $ - | $ - |
| Certificates of obligation | 55,650,000 | 52,730,000 | 39,635,000 | 23,940,000 | 95,285,000 | 76,670,000 | - | - |
| Total bonded debt | 66,360,000 | 65,740,000 | 50,570,000 | 36,365,000 | 116,930,000 | 102,105,000 | - | - |
| Other long-term debt | | | | | | | | - |
| Notes payable | - | - | 100,000 | 200,000 | 100,000 | 200,000 | 15,482,562 | 16,595,330 |
| Unamortized premiums | 4,273,907 | 4,075,326 | 3,138,002 | 1,956,652 | 7,411,909 | 6,031,978 | - | - |
| Compensated absences | 3,788,465 | 3,124,833 | 303,881 | 293,955 | 4,092,346 | 3,418,788 | 93,026 | 118,732 |
| Leases | 1,190,130 | 112,853 | - | - | 1,190,130 | 112,853 | - | - |
| Subscription liabilities | 288,430 | 358,760 | 210,126 | 298,688 | 498,556 | 657,448 | - | - |
| Total OPEB liability | 441,009 | 376,360 | 40,563 | 34,917 | 481,572 | 411,277 | - | - |
| Net pension liability | 8,479,686 | 10,188,779 | 770,528 | 932,094 | 9,250,214 | 11,120,873 | - | - |
| Arbitrage liability | 690,013 | - | 258,679 | - | 948,692 | - | - | - |
| Total other long-term debt | 19,151,640 | 18,236,911 | 4,821,779 | 3,716,306 | 23,973,419 | 21,953,217 | 15,575,588 | 16,714,062 |
| Total | $ 85,511,640 | $ 83,976,911 | $ 55,391,779 | $ 40,081,306 | $ 140,903,419 | $ 124,058,217 | $ 15,575,588 | $ 16,714,062 |

The Town continues to maintain favorable ratings from the bond rating agencies. Standard & Poor's rating was maintained at AA+. The outlook is stable. The rating reflects the Town's economic improvement driven by strong tax base growth coupled with sustained and very strong reserves.

Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

### *Discretely Presented Component Units*

The Little Elm Economic Development Corporation (LEEDC) and Little Elm Community Development Corporation (LECDC) have been included in the reporting entity as discretely presented component units since they provide benefits to other entities aside from the Town. Separate audited financial statements are not issued for LEEDC or LECDC.

The Economic Development Corporation (LEEDC) is a legally separate governmental entity that promotes (a) existing business enterprise expansion and retention, and (b) new business enterprise development. The LEEDC's net position at fiscal year-end was $15,980,008 . This is an increase of $2,584,313 from the prior year. The LEEDC's total revenues were $4,749,291 of which $4,052,597 was from sales taxes. For the year, the LEEDC had expenses of $2,164,978 .

Additional information on the LEEDC's long-term debt can be found in Note 8 of the notes to the financial statements.

The Community Development Corporation (LECDC) is a legally separate governmental entity tasked with bringing recreational, facility development and tourism opportunities to the Town and is supported by a voter approved sales tax. The LECDC's net position at year-end was $2,522,415 . This is an increase of $1,098,160 from the prior year. The LECDC's total revenues were $2,152,485 of which $2,045,539 was from sales taxes. For the year, the LECDC had expenditures of $1,054,325.

## *2024 Highlights and Accomplishments*

At the close of fiscal year 2024 here are a few of the highlights and accomplishments for this year:

- Lowered tax rate from $0.629900 to $0.589900 while increasing services for Public Safety, Parks and Recreation, and Public Works. This is the lowest property tax rate in over a decade.
- Maintained bond ratings from both S&P and Moody's due to the Town's very strong economy, rapidly growing tax base, and strong financial position due to the significant ongoing development while maintaining conservative budgeting and formal policies, which will attract investors and lower rates for borrowing in the future.
- Established a new special events policy.
- Completed $2.3M of street maintenance from the quarter sales tax.
- Completed the renovation of the Public Works Service Center
- Ribbon cutting for the 24-hour Library Kiosk.
- Construction for the Cottonwood Park renovations to be completed in early 2025.
- Added a large dog park at the Wood Family Dog Park
- Installed broadband internet and fencing at Little Elm Park
- Had over 45 new businesses open in 2024.
- Received the Tourism Friendly Certified Community by the Office of the Governor.
- Hosted Town Hall meetings across the various districts across Town.
- Initiated a financial wellness day to the employees to provide education for their future retirement planning.

All of these highlights, accomplishments and more is located in the Town's 2024 Strategic Report located at https://www.littleelm.org/1429/Plan-Progress.

## *Economic Factors and Next Year's Budget and Rates (2024-2025)*

Little Elm is a vibrant, rapidly growing community starting to hit its economic stride and see goals and projects that have been in progress for a decade coming to fruition. This excitement and growth come with tremendous challenges and outstanding opportunities. One of the benefits of strong growth is that new sources and higher amounts of revenue are allocated in the budget. Still, there is a mounting list of needs for programs and services to accommodate growth, meet the community's expectations, and build sustainable service levels.

Town staff develop the operating and capital budgets to achieve strategic goals and long-term objectives defined in the Town Council's adopted Strategic Plan. This Strategic Plan was approved in 2013 and last updated in 2024 through a series of workshops with the Town Council, Community Development Corporation, Planning Commission, Economic Development Corporation, and Town staff, which sets the vision and charts the course for the community. It is required by Little Elm's local charter that a strategic plan is maintained and updated every two years. The Strategic Plan allows the Council to set the vision, goals, and policy objectives of the Town, and it is the staff's job to accomplish the Strategic Plan's goals and implement the Council's policy objectives effectively and efficiently.

Little Elm staff has approached this year's budget and financial plan with a sense of "what's next." With the Council's strategic plan being in place for more than a decade now, much of the vision that was expressed in 2013 has been accomplished or has been set in motion. Significant progress has been made over the past decade to bring a higher level of service to the US 380 Corridor, establish the Lakefront entertainment district, build the community's parks and recreation system, and build an organization to effectively serve a growing community. Several planning efforts are currently in place that will chart the course of the future of the community. Small area plans are occurring to identify the next set of priorities and needs along the US 380 Corridor and Lakefront District, a parks and recreation master plan update is occurring to identify future parks projects, and an overhaul of the Town's strategic plan is budgeted to occur over the next two years. These planning efforts will allow the Town to build on what has been accomplished and identify the needs and priorities on which to focus prior to Little Elm's build out.

With the Fiscal Year (FY) 2024-2025 budget, we are in the early stages of implementing full cost accounting. Cost accounting is the process of assigning indirect costs such as administrative overhead and organization-wide costs, such as insurance, to the individual user departments. This allows for a greater understanding of the fully burdened or true costs to do business for all our functions. This knowledge will allow us to drive performance and understand our market competitiveness. This year, we will be establishing some of the framework and drivers for cost allocation and we will begin assigning those costs within individual budgets next year.

For the last several years, it has been the goal to keep the tax rate competitive with other cities and towns while still providing adequate revenue to fund the needs of a rapidly growing community now and into the future. This year, the Town presented a tax rate of $0.559900, the lowest since 2009, while still meeting objectives. The Town was able to maintain the voter-approval tax rate, prepare for its future obligations, and adhere to the Town's long and short-term operational plan. Of the total tax rate, $0.435787 is dedicated to general operations and maintenance (O&M) in the General Fund, and $0.124113 is dedicated to general obligation debt service (I&S).

Some of the more significant upcoming capital projects are as follows: (Many of these projects cover several years, so they are not limited to the FY 2024-2025 budget.) Fire Station #4/Police Substation, Cottonwood Park, Little Elm Park camping improvements, Animal Shelter expansion, McCord Park water reuse line, West side emergency interconnection, Hill Lane improvements, King Road improvements, Fishtrap Road, North Oak Grove Parkway, Main Street and Eldorado Traffic Signal, Wastewater Treatment Plan improvements, Mansell Pump station project, Westside water system improvements, Supervisory Control and Data Acquisition improvements, Police radio and camera replacement.

The fiscal year 2024-2025 operating budget increased by 4.88% or $4,005,107, from fiscal year 2023-2024 budget. The primary increase in budget to budget is a result of hiring 13 new FTEs, cost increase in compensation and benefits, and additional program costs.

Total Town-wide revenues decreased over the amended 2023-2024 budget due to debt proceeds issued in the prior year. The Town will continue to see commercial development, population growth in the area, and increased property tax rolls over the coming years. The Town's new assessed properties added $337 million more value to the tax role. Sales tax revenue is also expected to grow. The total amount of sales tax ($.015) budgeted for FY 2024-2025 reflects an increase of 7.57% increase over last year's budget, which is another indicator of growth within the area. Major increases in operational costs are:

| | | |
|---|---|---|
| Public Safety market adjustment and contingency | $ | 2,236,299 |
| Current salary and benefits | $ | 1,751,122 |
| New personnel | $ | 1,528,778 |
| NTMWD wholesale water increase | $ | 498,087 |

General Fund revenues and budgeted transfers are estimated at $54,945,958 for FY 2024-2025. Property tax represents 51% of the total funding to the General Fund at $27.83 million. The sales tax maximum rate is 8.25%, with 1% contributed to the Town of Little Elm's General Fund. The sales tax reported in the General Fund is projected to generate revenue of approximately $7.484 million. Development Services is projected to collect $2.3 million for new residential construction permits at 1,150 residential and commercial permitting.

The Water and Sewer Fund is expected to begin FY 2024-2025 with a $22 million working capital balance or 296 days. The Town's policy initiative to maintain working capital reserves at a minimum of 120 days calculated from the previous year's earnings. A healthy net position is necessary to help fund the future capital projects and one-time maintenance infrastructure costs planned within the five-year balanced budget.

The Utility Fund total system revenues are estimated at $25.2 million, or 5.75% more than the prior year budget due to the moderate growth in residential, multi-family and commercial connections to the Town's utility system and a 4% water rate increase effective this budget cycle.

The total number of budgeted employees or FTE's (Full-time equivalents) is 391 for a salary with benefits cost of $46.7 million (including new positions). New positions budgeted for FY 2024-2025 are: Animal Services Officer, Community Integrity Specialist, Part-time Administrative Assistant for Animal Services, Maintenance Operator for Streets, Sign and Signal Technician for Streets, Maintenance Operator for Stormwater, Tourism and Marketing Coordinator, GIS Technician, Detention Officer, Property and Evidence Room Clerk, Police Lieutenant, 2 Detectives, IT Support Specialist, and a Part-time Bailiff.

The 2024-2025 budget reflects the efforts of the governing body and Town staff to address the need to provide services and facilities to support our vibrant and growing community, while still maintaining a strong financial position.

### *Tax Increment Reinvestment Zones and Public Improvement Districts*

Note 14 to the Financial Statements addresses the Town Council's creation of four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5 and #6) and the seven Public Improvement Districts. The Financial Statements specifically addresses the creation for each zone and district.

### *Requests for Information*

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Little Elm, 100 W. Eldorado Parkway, Little Elm, Texas 75068, or call (214)975-0415.

# Basic Financial Statements

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# Town of Little Elm, Texas
# Statement of Net Position
# September 30, 2024

| | Primary Government | | | Component Units | |
|---|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Economic Development Corporation | Community Development Corporation |
| **Assets** | | | | | |
| Cash and cash equivalents | $ 38,737,406 | $ 25,098,093 | $ 63,835,499 | $ 8,387,166 | $ 1,407,122 |
| Investments | 64,153,269 | 15,443,157 | 79,596,426 | - | 807,105 |
| Restricted cash and cash equivalents | 3,370,466 | 2,051,555 | 5,422,021 | - | - |
| Restricted investments | 14,829,287 | 20,773,567 | 35,602,854 | - | - |
| Receivables (net of allowance for uncollectibles) | 5,154,229 | 4,064,450 | 9,218,679 | 686,757 | 336,780 |
| Due from other governments | 1,185,623 | - | 1,185,623 | - | - |
| Internal balances | 1,446 | (1,446) | - | - | - |
| Lease receivable (net of allowance) | 4,296,891 | - | 4,296,891 | 2,984,804 | - |
| Financed purchase receivable | - | - | - | 2,315,785 | - |
| Prepaids | 128,112 | 510 | 128,622 | - | - |
| Inventories | 122,816 | 391,379 | 514,195 | - | - |
| Note receivable from primary government | - | - | - | 100,000 | - |
| Capital, lease and subscription assets: | | | | | |
| Land | 11,830,360 | 2,611,684 | 14,442,044 | 12,440,447 | - |
| Depreciable assets, net | 229,262,092 | 78,349,506 | 307,611,598 | 8,153,702 | - |
| Construction in progress | 79,753,052 | 23,890,482 | 103,643,534 | - | - |
| Total assets | 452,825,049 | 172,672,937 | 625,497,986 | 35,068,661 | 2,551,007 |
| **Deferred Outflows of Resources** | | | | | |
| Deferred outflows - Pension | 4,573,746 | 415,508 | 4,989,254 | - | - |
| Deferred outflows - OPEB | 108,631 | 9,869 | 118,500 | - | - |
| Deferred loss on refunding | 71,343 | 377,055 | 448,398 | - | - |
| Total deferred outflows of resources | 4,753,720 | 802,432 | 5,556,152 | - | - |
| Total assets and deferred outflows of resources | $ 457,578,769 | $ 173,475,369 | $ 631,054,138 | $ 35,068,661 | $ 2,551,007 |
| **Liabilities** | | | | | |
| **Current Liabilities** | | | | | |
| Accounts payable and other accrued liabilities | $ 7,357,298 | $ 2,487,742 | $ 9,845,040 | $ 222,603 | $ 25,327 |
| Accrued interest payable | 374,805 | 314,240 | 689,045 | 39,269 | - |
| Retainage payable | 793,580 | 309,498 | 1,103,078 | - | - |
| Customer deposits | 1,016,163 | 2,051,555 | 3,067,718 | - | - |
| Unearned revenue | 371,239 | - | 371,239 | - | 3,265 |
| Due within one year | 6,098,074 | 5,228,146 | 11,326,220 | 1,146,017 | - |
| Total current liabilities | 16,011,159 | 10,391,181 | 26,402,340 | 1,407,889 | 28,592 |
| **Noncurrent Liabilities** | | | | | |
| Due in more than one year | 79,413,566 | 50,163,633 | 129,577,199 | 14,429,571 | - |
| Total other liabilities | 79,413,566 | 50,163,633 | 129,577,199 | 14,429,571 | - |
| Total liabilities | 95,424,725 | 60,554,814 | 155,979,539 | 15,837,460 | 28,592 |
| **Deferred Inflows of Resources** | | | | | |
| Deferred gain on refunding | 29,651 | - | 29,651 | - | - |
| Deferred inflows - Pension | 35,998 | 3,270 | 39,268 | - | - |
| Deferred inflows - OPEB | 199,464 | 18,121 | 217,585 | - | - |
| Deferred inflows - leases | 4,129,018 | - | 4,129,018 | 3,251,193 | - |
| Total deferred inflows of resources | 4,394,131 | 21,391 | 4,415,522 | 3,251,193 | - |
| **Net Position** | | | | | |
| Net investment in capital assets | 264,149,945 | 70,577,051 | 334,726,996 | 5,111,587 | - |
| Restricted | | | | | |
| Construction | - | 5,820,484 | 5,820,484 | - | - |
| Economic development | 933,685 | - | 933,685 | 9,722,404 | 2,522,415 |
| Stormwater drainage | 2,084,262 | - | 2,084,262 | - | - |
| Street maintenance | 1,220,339 | - | 1,220,339 | - | - |
| Debt service | 2,658,564 | - | 2,658,564 | 1,146,017 | - |
| Other | 1,147,876 | - | 1,147,876 | - | - |
| Unrestricted | 85,565,242 | 36,501,629 | 122,066,871 | - | - |
| Total net position | 357,759,913 | 112,899,164 | 470,659,077 | 15,980,008 | 2,522,415 |
| Total liabilities, deferred inflows of resources and net position | $ 457,578,769 | $ 173,475,369 | $ 631,054,138 | $ 35,068,661 | $ 2,551,007 |

*The accompanying notes to the basic financial statements are an integral part of this statement.*

## Town of Little Elm, Texas
## Statement of Activities
## For the Year Ended September 30, 2024

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary Government** | | | | |
| Governmental activities: | | | | |
| General government | $ 13,809,167 | $ 3,057,443 | $ 291,642 | $ 10,779,255 |
| Community services | 4,670,995 | 7,698,675 | - | - |
| Public safety | 36,807,578 | 9,695,255 | 1,218,225 | - |
| Public works | 13,951,578 | - | - | 12,652,400 |
| Culture and recreation | 11,305,015 | 5,824,861 | 3,899 | - |
| Interest and fiscal charges | 3,531,579 | - | - | - |
| Total governmental activities | 84,075,912 | 26,276,234 | 1,513,766 | 23,431,655 |
| Business-type Activities: | | | | |
| Water and sewer services | 20,598,666 | 21,239,466 | - | 2,063,667 |
| Solid waste services | 3,270,261 | 4,133,284 | - | - |
| Total business-type activities | 23,868,927 | 25,372,750 | - | 2,063,667 |
| Total primary government | $ 107,944,839 | $ 51,648,984 | $ 1,513,766 | $ 25,495,322 |
| **Component Units** | | | | |
| Economic Development Corporation | 2,164,978 | 333,389 | - | - |
| Community Development Corporation | 1,054,325 | - | - | - |
| Total component units | $ 3,219,303 | $ 333,389 | $ - | $ - |
| General Revenues | | | | |
| Taxes: | | | | |
| Property taxes, penalty, and interest | | | | |
| Sales taxes | | | | |
| Franchise taxes | | | | |
| Grants not restricted to specific programs | | | | |
| Interest | | | | |
| Gain on disposal of capital assets | | | | |
| Miscellaneous | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position, beginning of year | | | | |
| Net position, end of year | | | | |

*The accompanying notes to the basic financial statements are an integral part of this statement.*

| Net (Expense) Revenue and Changes in Net Position | | | | |
|---|---|---|---|---|
| Primary Government | | | Component Units | |
| Governmental Activities | Business-type Activities | Total | Economic Development Corporation | Community Development Corporation |
| $ 319,173 | $ - | $ 319,173 | $ - | $ - |
| 3,027,680 | - | 3,027,680 | - | - |
| (25,894,098) | - | (25,894,098) | - | - |
| (1,299,178) | - | (1,299,178) | - | - |
| (5,476,255) | - | (5,476,255) | - | - |
| (3,531,579) | - | (3,531,579) | - | - |
| (32,854,257) | - | (32,854,257) | - | - |
| - | 2,704,467 | 2,704,467 | - | - |
| - | 863,023 | 863,023 | - | - |
| - | 3,567,490 | 3,567,490 | - | - |
| $ (32,854,257) | $ 3,567,490 | $ (29,286,767) | $ - | $ - |
| - | - | - | (1,831,589) | - |
| - | - | - | - | (1,054,325) |
| $ - | $ - | $ - | $ (1,831,589) | $ (1,054,325) |
| 42,342,937 | - | 42,342,937 | - | - |
| 10,483,808 | - | 10,483,808 | 4,052,597 | 2,045,539 |
| 2,920,813 | - | 2,920,813 | - | - |
| 644,351 | - | 644,351 | - | - |
| 6,902,323 | 2,530,314 | 9,432,637 | 265,931 | 106,946 |
| 62,708 | - | 62,708 | 97,374 | - |
| 1,061,550 | 50,935 | 1,112,485 | - | - |
| 299,152 | (299,152) | - | - | - |
| 64,717,642 | 2,282,097 | 66,999,739 | 4,415,902 | 2,152,485 |
| 31,863,385 | 5,849,587 | 37,712,972 | 2,584,313 | 1,098,160 |
| 325,896,528 | 107,049,577 | 432,946,105 | 13,395,695 | 1,424,255 |
| $ 357,759,913 | $ 112,899,164 | $ 470,659,077 | $ 15,980,008 | $ 2,522,415 |

***The accompanying notes to the basic financial statements are an integral part of this statement.***

**Town of Little Elm, Texas**
**Balance Sheet**
**Governmental Funds**
**September 30, 2024**

| | General Fund | Debt Service | Capital Projects |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | $ 8,675,062 | $ 1,631,516 | $ 19,282,041 |
| Investments | 47,052,351 | 928,639 | 10,975,096 |
| Restricted cash and cash equivalents | - | - | - |
| Restricted investments | - | - | 14,829,287 |
| Receivables, net of allowance for doubtful accounts: | | | |
| Taxes | 1,507,817 | 57,257 | - |
| Franchise fees | 1,159,707 | - | - |
| Other | 1,589,909 | 120,247 | 88,681 |
| Leases | 622,995 | - | - |
| Due from other governments | - | - | 911,292 |
| Due from other funds | 195,200 | - | - |
| Prepaids | 39,774 | - | 88,338 |
| Inventories | 122,816 | - | - |
| Total assets | $ 60,965,631 | $ 2,737,659 | $ 46,174,735 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | |
| **Liabilities** | | | |
| Accounts payable and other accrued liabilities | $ 2,495,166 | $ 11,321 | $ 4,432,884 |
| Due to other funds | 13,847 | - | - |
| Retainage payable | 25,997 | - | 741,168 |
| Unearned revenue | 315,441 | 3,757 | 44,402 |
| Deposits | 50,424 | - | 975,011 |
| Total liabilities | 2,900,875 | 15,078 | 6,193,465 |
| **Deferred Inflows of Resources** | | | |
| Unavailable resources | 1,137,689 | 64,017 | 911,292 |
| Total deferred inflows of resources | 1,137,689 | 64,017 | 911,292 |
| **Fund Balances** | | | |
| Nonspendable | 162,590 | - | 88,338 |
| Restricted | - | 2,658,564 | 14,829,287 |
| Committed | - | - | - |
| Assigned | - | - | 24,152,353 |
| Unassigned | 56,764,477 | - | - |
| Total fund balances | 56,927,067 | 2,658,564 | 39,069,978 |
| Total liabilities, deferred inflows of resources and fund balances | $ 60,965,631 | $ 2,737,659 | $ 46,174,735 |

| PID Capital Projects | Landscape Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| $ - | $ 154,060 | $ 3,181,940 | $ 32,924,619 |
| - | 87,690 | 1,800,927 | 60,844,703 |
| 3,370,466 | - | - | 3,370,466 |
| - | - | - | 14,829,287 |
| - | - | 352,004 | 1,917,078 |
| - | - | - | 1,159,707 |
| - | 24,640 | 192,120 | 2,015,597 |
| - | 3,673,896 | - | 4,296,891 |
| - | - | 274,331 | 1,185,623 |
| - | - | 13,847 | 209,047 |
| - | - | - | 128,112 |
| - | - | - | 122,816 |
| $ 3,370,466 | $ 3,940,286 | $ 5,815,169 | $ 123,003,946 |
| $ - | $ 59,735 | $ 240,179 | $ 7,239,285 |
| - | - | 193,754 | 207,601 |
| - | 26,415 | - | 793,580 |
| - | 355 | 7,284 | 371,239 |
| - | - | - | 1,025,435 |
| - | 86,505 | 441,217 | 9,637,140 |
| - | 3,519,643 | - | 5,632,641 |
| - | 3,519,643 | - | 5,632,641 |
| - | - | - | 250,928 |
| 3,370,466 | - | 5,386,162 | 26,244,479 |
| - | 334,138 | - | 334,138 |
| - | - | - | 24,152,353 |
| - | - | (12,210) | 56,752,267 |
| 3,370,466 | 334,138 | 5,373,952 | 107,734,165 |
| $ 3,370,466 | $ 3,940,286 | $ 5,815,169 | $ 123,003,946 |

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**Town of Little Elm, Texas**
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**
**September 30, 2024**

| | | |
|---|---|---|
| Total Governmental Funds Balances | $ | 107,734,165 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital, lease, and subscription assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital, lease, and subscription assets of $5,662,378, which are allocated to governmental activities. | | 315,183,126 |
| Accrued interest on governmental activities debt is not reported in the funds until paid. | | (374,805) |
| Arbitrage due in connection with unspent bond proceeds is recorded as an arbitrage liability in the statement of net position but does not become a liability in the funds until the due date. | | (690,013) |
| Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements. | | 1,503,623 |
| The internal service fund is used by management to charge the cost of certain activities, such as fleet management, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service fund that are attributable to governmental activities are included in the government-wide financial statements. | | 14,736,837 |
| Included in the items related to long-term liabilities is the recognition of the Town's net pension liability. The net position related to pensions includes deferred outflows of resources in the amount of $4,573,746, deferred inflows of resources in the amount of $35,998, and the net pension liability of $8,479,686. | | (3,941,938) |
| Included in the items related to long-term liabilities is the recognition of the Town's total OPEB liability. The net position related to OPEB includes deferred outflows of resources in the amount of $108,631, deferred inflows of resources in the amount of $199,464, and the total OPEB liability of $441,009. | | (531,842) |
| Compensated absences are not due and payable in the current period and therefore are not reported in the funds. | | (3,788,465) |
| Long-term liabilities excluding compensated absences, arbitrage, pension or OPEB and the related deferred outflows and inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows: | | |
| Deferred outflows of resources: | | |
| Deferred loss on bond refunding | | 71,343 |
| Long-term liabilities: | | |
| Due in one year | | (5,653,413) |
| Due in more than one year | | (66,459,054) |
| Deferred inflows of resources: | | |
| Deferred gain on bond refunding | | (29,651) |
| Net Position of Governmental Activities | $ | 357,759,913 |

**Town of Little Elm, Texas**
**Statement of Revenues, Expenditures and Changes in Fund Balances**
**Governmental Funds**
**For the Year Ended September 30, 2024**

| | General Fund | Debt Service | Capital Projects |
|---|---|---|---|
| **Revenues** | | | |
| Taxes: | | | |
| Property taxes, penalty, and interest | $ 28,207,263 | $ 10,645,535 | $ - |
| General sales and use taxes | 8,219,304 | - | - |
| Franchise taxes and other | 2,693,344 | - | - |
| Licenses and permits | 5,797,928 | - | 2,336,385 |
| Intergovernmental | 8,130,280 | 112,743 | 645,548 |
| Charges for services | 8,620,301 | - | - |
| Impact fees | - | - | 346,805 |
| Fines and forfeitures | 804,247 | - | - |
| Contributions | - | - | 2,548,633 |
| Interest | 3,213,803 | 313,128 | 2,305,652 |
| Other revenues | 408,998 | - | 17,697 |
| Total revenues | 66,095,468 | 11,071,406 | 8,200,720 |
| **Expenditures** | | | |
| Current: | | | |
| General government | 7,993,850 | - | - |
| Community services | 3,837,769 | - | - |
| Public safety | 30,764,365 | - | - |
| Public works | 4,311,035 | - | - |
| Culture and recreation | 8,871,912 | - | - |
| Debt service: | | | |
| Principal retirement | 534,495 | 5,895,000 | - |
| Interest and fiscal agent fees | 525,536 | 2,102,074 | 56,570 |
| Other debt service costs | - | - | - |
| Capital outlay | 2,602,461 | - | 19,183,463 |
| Total expenditures | 59,441,423 | 7,997,074 | 19,240,033 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 6,654,045 | 3,074,332 | (11,039,313) |
| **Other Financing Sources (Uses)** | | | |
| Issuance of certificates of obligation | - | - | 6,515,000 |
| Premium on debt issuance | - | - | 540,070 |
| Leases issued | 1,479,256 | - | - |
| Subscriptions issued | 62,186 | - | - |
| Sale of capital assets | 11,531 | - | - |
| Insurance recoveries | 587,812 | - | - |
| Transfers in | 2,487,113 | - | 3,416,626 |
| Transfers out | (3,000,000) | (2,502,500) | - |
| Total other financing sources (uses) | 1,627,898 | (2,502,500) | 10,471,696 |
| **Net Change in Fund Balances** | 8,281,943 | 571,832 | (567,617) |
| **Fund Balances, Beginning of Year** | 48,645,124 | 2,086,732 | 39,637,595 |
| **Fund Balances, End of Year** | $ 56,927,067 | $ 2,658,564 | $ 39,069,978 |

***The accompanying notes to the basic financial statements are an integral part of this statement.***

| PID Capital Projects | Landscape Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| $ - | $ - | $ 3,531,628 | $ 42,384,426 |
| - | - | 2,264,504 | 10,483,808 |
| - | - | 227,469 | 2,920,813 |
| - | - | - | 8,134,313 |
| - | - | 1,006,561 | 9,895,132 |
| - | 555,328 | 781,988 | 9,957,617 |
| - | - | - | 346,805 |
| - | - | 268,561 | 1,072,808 |
| 7,238,269 | - | 8,750 | 9,795,652 |
| 331,768 | 17,359 | 274,015 | 6,455,725 |
| - | 13,801 | 24,000 | 464,496 |
| 7,570,037 | 586,488 | 8,387,476 | 101,911,595 |
| 2,982,400 | - | 3,030,662 | 14,006,912 |
| - | 825,007 | 19,038 | 4,681,814 |
| - | - | 1,296,525 | 32,060,890 |
| 2,623,460 | - | 2,427,849 | 9,362,344 |
| - | - | 18,793 | 8,890,705 |
| - | - | - | 6,429,495 |
| - | - | - | 2,684,180 |
| 560,601 | - | - | 560,601 |
| 6,792,341 | - | - | 28,578,265 |
| 12,958,802 | 825,007 | 6,792,867 | 107,255,206 |
| (5,388,765) | (238,519) | 1,594,609 | (5,343,611) |
| - | - | - | 6,515,000 |
| - | - | - | 540,070 |
| - | - | - | 1,479,256 |
| - | - | - | 62,186 |
| - | - | - | 11,531 |
| - | - | 9,242 | 597,054 |
| - | 200,000 | - | 6,103,739 |
| - | - | (302,087) | (5,804,587) |
| - | 200,000 | (292,845) | 9,504,249 |
| (5,388,765) | (38,519) | 1,301,764 | 4,160,638 |
| 8,759,231 | 372,657 | 4,072,188 | 103,573,527 |
| $ 3,370,466 | $ 334,138 | $ 5,373,952 | $ 107,734,165 |

*The accompanying notes to the basic financial statements are an integral part of this statement.*

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## Town of Little Elm, Texas
## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
## For the Year Ended September 30, 2024

| | | |
|---|---|---|
| Net Change in Fund Balances - Total Governmental Funds | $ | 4,160,638 |
| Amounts reported for governmental funds in the statement of activities are different because: | | |
| Change in revenues not considered available in the governmental funds. | | 623,317 |
| This amount is the amount of governmental activities capital asset additions for the current period, $42,324,667, less $11,998,873 in developer contributions and $1,747,530 of additions allocated from the internal service fund. | | 28,578,265 |
| Depreciation/amortization on capital, lease, and subscription assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation/amortization is not reported as expenditures in the governmental funds. This amount excludes $1,395,644 of depreciation/amortization in the internal service fund. | | (12,195,078) |
| Donation of property from developers is not reported in the governmental funds. However, in the statement of activities, the fair value of those assets is recognized as revenue. | | 11,998,873 |
| The net effect of various transactions involving capital assets (i.e. sales) excluding $48,620 related to the internal service fund is to decrease net position. | | (12,246) |
| The issuance of long-term debt (e.g. bonds, leases, subscription liabilities) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Issuance of bonds | | (6,515,000) |
| Premium received | | (540,070) |
| Issuance of leases | | (1,479,256) |
| Issuance of subscriptions | | (62,186) |
| Repayment of principal on long-term debt | | 5,895,000 |
| Repayment of principal on leases | | 401,979 |
| Repayment of principal on subscription liabilities | | 132,516 |
| Amortization of: | | |
| Premium on issuance of long-term debt | | 341,489 |
| Deferred gain/loss on bond refunding | | 81,369 |
| Current year change in accrued interest payable does not require the use of current financial resources; but it reported as an expense in the government-wide statements. | | (19,643) |
| Arbitrage due in connection with unspent bond proceeds in governmental activities is not due and payable and therefore is not reported as expenditures in governmental funds. This is the net change in arbitrage liability. | | (690,013) |
| Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | |
| Net Pension liability and related deferred outflows and inflows of resources | | (322,138) |
| Total OPEB liability and related deferred outflows and inflows of resources | | (23,152) |
| Compensated absences liability | | (663,632) |
| The internal service fund is used by management to charge the costs of certain activities, such as fleet management, to individual funds. The change in net position of the internal service fund is reported with governmental activities. | | 2,172,353 |
| Change in Net Position of Governmental Activities | $ | 31,863,385 |

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# Town of Little Elm, Texas
# Statement of Net Position
# Proprietary Funds
# September 30, 2024

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|---|---|---|---|---|
| | Water and Sewer | Solid Waste | Total | |
| **Assets** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 23,986,935 | $ 1,111,158 | $ 25,098,093 | $ 5,812,787 |
| Investments | 14,810,699 | 632,458 | 15,443,157 | 3,308,566 |
| Restricted cash and cash equivalents | 2,051,555 | - | 2,051,555 | - |
| Restricted Investments | 20,773,567 | - | 20,773,567 | - |
| Receivables (net of allowance for uncollectibles) | 3,718,332 | 346,118 | 4,064,450 | 61,847 |
| Prepaids | 510 | - | 510 | - |
| Inventories | 391,379 | - | 391,379 | - |
| Total current assets | 65,732,977 | 2,089,734 | 67,822,711 | 9,183,200 |
| **Noncurrent assets** | | | | |
| Capital and subscription assets | | | | |
| Land | 2,611,684 | - | 2,611,684 | - |
| Depreciable assets, net | 78,177,417 | 172,089 | 78,349,506 | 5,662,378 |
| Construction in progress | 23,890,482 | - | 23,890,482 | - |
| Total noncurrent assets | 104,679,583 | 172,089 | 104,851,672 | 5,662,378 |
| Total assets | 170,412,560 | 2,261,823 | 172,674,383 | 14,845,578 |
| **Deferred Outflows of Resources** | | | | |
| Deferred outflows - Pension | 415,508 | - | 415,508 | - |
| Deferred outflows - OPEB | 9,869 | - | 9,869 | - |
| Deferred loss on refunding | 377,055 | - | 377,055 | - |
| Total deferred outflows of resources | 802,432 | - | 802,432 | - |
| Total assets and deferred outflows of resources | $ 171,214,992 | $ 2,261,823 | $ 173,476,815 | $ 14,845,578 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and other accrued liabilities | 2,181,465 | 306,277 | 2,487,742 | 108,741 |
| Retainage payable | 309,498 | - | 309,498 | - |
| Accrued interest payable | 314,240 | - | 314,240 | - |
| Due to other funds | 1,406 | 40 | 1,446 | - |
| Customer deposits | 2,051,555 | - | 2,051,555 | - |
| Current portion of long-term debt | 5,227,626 | 520 | 5,228,146 | - |
| Total current liabilities | 10,085,790 | 306,837 | 10,392,627 | 108,741 |
| **Noncurrent liabilities** | | | | |
| Long-term debt, net of current portion | 50,162,074 | 1,559 | 50,163,633 | - |
| Total noncurrent liabilities | 50,162,074 | 1,559 | 50,163,633 | - |
| Total liabilities | 60,247,864 | 308,396 | 60,556,260 | 108,741 |
| **Deferred Inflows of Resources** | | | | |
| Deferred inflows - Pension | 3,270 | - | 3,270 | - |
| Deferred inflows - OPEB | 18,121 | - | 18,121 | - |
| Total deferred inflows of resources | 21,391 | - | 21,391 | - |
| **Net Position** | | | | |
| Net investment in capital assets | 70,404,962 | 172,089 | 70,577,051 | 5,662,378 |
| Restricted for | | | | |
| Construction - impact fees | 5,820,484 | - | 5,820,484 | - |
| Unrestricted | 34,720,291 | 1,781,338 | 36,501,629 | 9,074,459 |
| Total net position | 110,945,737 | 1,953,427 | 112,899,164 | 14,736,837 |
| Total liabilities, deferred inflows of resources and net position | $ 171,214,992 | $ 2,261,823 | $ 173,476,815 | $ 14,845,578 |

*The accompanying notes to the basic financial statements are an integral part of this statement.*

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## Town of Little Elm, Texas
## Statement of Revenues, Expenses and Changes in Net Position
## Proprietary Funds
## For the Year Ended September 30, 2024

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - |
|---|---|---|---|---|
| | Water and Sewer | Solid Waste | Total | Internal Service Fund |
| **Operating Revenues** | | | | |
| Water sales | $ 13,675,287 | $ - | $ 13,675,287 | $ - |
| Charges for sewer services | 8,481,264 | - | 8,481,264 | - |
| Tap, connection, and other fees | 609,624 | - | 609,624 | - |
| Charges for solid waste | - | 4,133,284 | 4,133,284 | - |
| Contributions | - | - | - | 3,544,759 |
| Other revenue | 44,341 | 6,594 | 50,935 | 60,700 |
| Total operating revenues | 22,810,516 | 4,139,878 | 26,950,394 | 3,605,459 |
| **Operating Expenses** | | | | |
| Personnel services | 3,175,746 | 76,083 | 3,251,829 | - |
| Contractual services | 1,146,190 | 3,008,601 | 4,154,791 | - |
| Repairs and maintenance | 850,963 | 27,771 | 878,734 | 59,165 |
| Water purchases | 7,132,243 | - | 7,132,243 | - |
| Supplies | 1,835,484 | 28,994 | 1,864,478 | 488,318 |
| Depreciation and amortization | 3,916,368 | 39,105 | 3,955,473 | 1,395,644 |
| Operating expenses | 971,001 | 89,707 | 1,060,708 | - |
| Total operating expenses | 19,027,995 | 3,270,261 | 22,298,256 | 1,943,127 |
| **Operating Income** | 3,782,521 | 869,617 | 4,652,138 | 1,662,332 |
| **Nonoperating Revenues (Expenses)** | | | | |
| Gain (loss) on sale of capital assets | (1,526,709) | - | (1,526,709) | 63,423 |
| Interest income | 2,456,662 | 73,652 | 2,530,314 | 446,598 |
| Interest expense | (1,570,671) | - | (1,570,671) | - |
| Total nonoperating revenues (expenses) | (640,718) | 73,652 | (567,066) | 510,021 |
| **Income Before Capital Contributions, Impact Fees, and Transfers** | 3,141,803 | 943,269 | 4,085,072 | 2,172,353 |
| Capital contributions | 1,165,991 | - | 1,165,991 | - |
| Impact fees | 897,676 | - | 897,676 | - |
| Transfers in | 2,502,500 | - | 2,502,500 | - |
| Transfers out | (2,401,652) | (400,000) | (2,801,652) | - |
| Total capital contributions, impact fees, and transfers | 2,164,515 | (400,000) | 1,764,515 | - |
| **Change in Net Position** | 5,306,318 | 543,269 | 5,849,587 | 2,172,353 |
| **Net Position, Beginning of Year** | 105,639,419 | 1,410,158 | 107,049,577 | 12,564,484 |
| **Net Position, End of Year** | $ 110,945,737 | $ 1,953,427 | $ 112,899,164 | $ 14,736,837 |

*The accompanying notes to the basic financial statements are an integral part of this statement.*

# Town of Little Elm, Texas
# Statement of Cash Flows
# Proprietary Funds
# For the Year Ended September 30, 2024

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Water and Sewer | Solid Waste | Total | Governmental Activities- Internal Service Fund |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from customers and users | $ 23,026,127 | $ 4,105,068 | $ 27,131,195 | $ - |
| Receipts from interfund charges for services | - | - | - | 3,575,088 |
| Payments to suppliers | (10,648,661) | (2,855,275) | (13,503,936) | (455,516) |
| Payments to employees | (3,160,771) | (75,383) | (3,236,154) | - |
| Cash received (paid) from transactions with other funds | 1,352 | 1,559 | 2,911 | - |
| Net cash provided by operating activities | 9,218,047 | 1,175,969 | 10,394,016 | 3,119,572 |
| **CASH FLOWS FROM NONCAPITAL FINACING ACTIVITIES** | | | | |
| Transfers in | 2,502,500 | - | 2,502,500 | - |
| Transfers out | (2,401,652) | (400,000) | (2,801,652) | - |
| Net cash provided by (used for) noncapital financing activities | 100,848 | (400,000) | (299,152) | - |
| **CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES** | | | | |
| Acquisition of capital assets | (7,956,448) | (18,401) | (7,974,849) | (1,747,530) |
| Proceeds from capital debt | 17,305,000 | - | 17,305,000 | - |
| Proceeds from premium on capital debt | 1,181,350 | - | 1,181,350 | - |
| Proceeds from sale of capital assets | - | - | - | 112,042 |
| Impact fees | 897,676 | - | 897,676 | - |
| Principal paid on capital debt | (3,288,562) | - | (3,288,562) | - |
| Interest paid on capital debt | (1,382,679) | - | (1,382,679) | - |
| Net cash provided by (used for) capital financing activities | 6,756,337 | (18,401) | 6,737,936 | (1,635,488) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Net purchases of investments | (16,111,849) | (319,996) | (16,431,845) | (843,348) |
| Interest and dividends on investments | 2,456,662 | 73,652 | 2,530,314 | 446,598 |
| Net cash used for investing activities | (13,655,187) | (246,344) | (13,901,531) | (396,750) |
| **Net increase in cash and cash equivalents** | 2,420,045 | 511,224 | 2,931,269 | 1,087,334 |
| **Cash and cash equivalents, beginning of the year** | 23,618,445 | 599,934 | 24,218,379 | 4,725,453 |
| **Cash and cash equivalents, ending of the year** | $ 26,038,490 | $ 1,111,158 | $ 27,149,648 | $ 5,812,787 |

(Including $2,051,555 of restricted cash and cash equivalents in the Water and Sewer Fund)

***The accompanying notes to the basic financial statements are an integral part of this statement.***

| | Business-type Activities - Enterprise Funds | | | Governmental Activities- Internal Service Fund |
|---|---|---|---|---|
| | Water and Sewer | Solid Waste | Total | |
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES** | | | | |
| Operating income | $ 3,782,521 | $ 869,617 | $ 4,652,138 | $ 1,662,332 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation/amortization | 3,916,368 | 39,105 | 3,955,473 | 1,395,644 |
| (Increase) decrease in assets and deferred outflows of resources: | | | | |
| Receivables, net | 95,282 | (33,251) | 62,031 | (30,371) |
| Inventories | 223,861 | - | 223,861 | - |
| Prepaids | (15) | - | (15) | - |
| Deferred outflows of resources - pension | 185,421 | - | 185,421 | - |
| Deferred outflows of resources - OPEB | 62 | - | 62 | - |
| Increase (decrease) in liabilites and deferred inflows of resources: | | | | |
| Accounts payable and other accrued liabilities | 829,612 | 299,315 | 1,128,927 | 91,967 |
| Retainage payable | 212,430 | - | 212,430 | - |
| Customer deposits | 120,329 | - | 120,329 | - |
| Deferred inflows of resources - pension | 3,270 | - | 3,270 | - |
| Deferred inflows of resources - OPEB | (3,916) | - | (3,916) | - |
| Compensated absences | 8,742 | 1,183 | 9,925 | - |
| Net Pension and Total OPEB liability | (155,920) | - | (155,920) | - |
| **Net Cash Provided by Operating Activities** | $ 9,218,047 | $ 1,175,969 | $ 10,394,016 | $ 3,119,572 |
| **SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:** | | | | |
| Capital assets in accounts payable | $ 1,097,617 | $ - | $ 1,097,617 | $ - |
| Capital contributions | 1,165,991 | - | 1,165,991 | - |

***The accompanying notes to the basic financial statements are an integral part of this statement.***

**Town of Little Elm, Texas**
**Statement of Fiduciary Net Position**
**Fiduciary Fund**
**September 30, 2024**

| | PID Custodial Fund |
|---|---|
| **Assets** | |
| Cash and cash equivalents | $ 20,736,246 |
| Total assets | 20,736,246 |
| **Net Position** | |
| Restricted for: | |
| Debt service | 20,736,246 |
| Total net position | $ 20,736,246 |

**Town of Little Elm, Texas**
**Statement of Changes in Fiduciary Net Position**
**Fiduciary Fund**
**For the Year Ended September 30, 2024**

| | PID Custodial Fund |
|---|---|
| **Additions** | |
| Property taxes collected in district | $ 14,366,917 |
| Total additions | 14,366,917 |
| **Deductions** | |
| Payments to bond holders | 10,214,140 |
| Total deductions | 10,214,140 |
| **Net Increase in Fiduciary Net Position** | 4,152,777 |
| **Net Position, Beginning of Year** | 16,583,469 |
| **Net Position, End of Year** | $ 20,736,246 |

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## Note 1. Summary of Significant Accounting Policies

The Town of Little Elm, Texas (the Town) is a municipal corporation governed by an elected mayor and six-member Town Council and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities, and solid waste services.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. The more significant accounting policies of the Town are described below.

### *Financial Statement Presentation*

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities of the Town. In addition, the government-wide statement of activities reflects depreciation/amortization expenses on the Town's capital, lease and subscription assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary and fiduciary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

### *Financial Reporting Entity*

The Town's basic financial statements include the accounts of all Town operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the Town is considered to be financially accountable. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the Town.

*Little Elm Economic Development Corporation*

The Little Elm Economic Development Corporation (EDC) is a duly-established municipal corporation created under the provisions of Section 4A of the Development Corporation Act of 1976 as revised, with approval of the governing body of the Town of Little Elm. The EDC, a separate non-profit corporation, was formed in 1993 for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of the public welfare and is operated primarily within the geographic boundaries of the Town. The affairs of the EDC shall be managed by a Board of Directors consisting of five members who shall be appointed by the Town council: one director from the Town council and four directors at-large. The EDC is supported by a half- cent sales tax voted by referendum in 1993. An Executive Director is appointed by the EDC Board to carry out the Board's administrative and policy initiatives. The EDC is considered part of the Town's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The EDC does not issue separate financial statements.

*Little Elm Community Development Corporation*

The Little Elm Community Development Corporation (CDC) is a separate entity formed in February 2007 to improve and expand park and recreation facilities from revenue generated through the Type 4B sales tax. The CDC operates under the authority of Section 2(11)-(A)-(E) and Section 4B of Article 5190.6 of Revised Civil Statutes, as amended. The CDC is considered part of the Town's reporting entity and is presented in the accompanying basic financial statements as a discretely presented component unit. The CDC is a discretely presented component unit under the criteria of board appointment and removal by the Town Council, approval and oversight of capital projects as well as budget authorization and approval. The CDC does not issue separate financial statements.

*Tax Increment Reinvestment Zone Number Three (TIRZ #3)*

The Town created Tax Increment Reinvestment Zone Number Three (TIRZ #3) to provide additional financing resources to further enhance development within the zone. TIRZ #3 commenced October 2013 and will terminate on December 31, 2043, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. Although TIRZ #3 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances, TIRZ #3 qualifies for blending because the Board is the same as the Town Council. TIRZ #3 does not issue separate financial statements.

*Tax Increment Reinvestment Zone Number Four (TIRZ #4)*

The Town created Tax Increment Reinvestment Zone Number Four (TIRZ #4) to provide additional financing resources to further enhance development within the zone. TIRZ #4 commenced December 2013 and will terminate on December 31, 2048, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #4 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #4 qualifies for blending because the Board is the same as the Town Council. TIRZ #4 is reported as a blended component unit of the Town and it does not issue separate financial statements.

*Tax Increment Reinvestment Zone Number Five (TIRZ #5)*

The Town created Tax Increment Reinvestment Zone Number Five (TIRZ #5) to provide additional financing resources to further enhance development within the zone. TIRZ #5 commenced December 2014 and was amended in fiscal year 2021 and will terminate on December 31, 2060, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #5 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #5 qualifies for blending because the Board is the same as the Town Council. TIRZ #5 is reported as a blended component unit of the Town and it does not issue separate financial statements.

*Tax Increment Reinvestment Zone Number Six (TIRZ #6)*

The Town created Tax Increment Reinvestment Zone Number Six (TIRZ #6) to provide additional financing resources to further enhance development within the zone. TIRZ #6 commenced November 1, 2016 and will terminate on December 31, 2052, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #6 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #6 qualifies for blending because the Board is the same as the Town Council. TIRZ #6 is reported as a blended component unit of the Town and it does not issue separate financial statements.

### *Government-Wide and Fund Financial Statements*

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, the debt service fund, the capital projects fund, the PID capital projects fund, and the landscape fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and other postemployment benefit obligations, and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise fees, certain other fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

*Fund Accounting*

The following major funds are used by the Town:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the Town:

General Fund is the Town's primary operating fund. This fund is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the Town. This fund is designated as major.

Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements except those being financed by proprietary funds.

PID Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements relating to the Public Improvement Districts (PIDs) within the Town.

Landscape Fund was established by resolution from Council whereby all funds from lease/rental payments received from broadband and cellular providers is set aside for Streetscape improvements throughout the Town. In particular, funds are used to manage the medians and screening walls along all street thoroughfares. This fund is designated as major.

The Town reports the following non-major governmental funds.

Special Revenue Fund accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

Donations Fund accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally for the purchase of equipment.

Forfeitures Fund accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund is a Special Purpose District that provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District was reauthorized by voters on May 1, 2021. In 2025, the Town is required by state law to renew through citizen voters to authorize the continuation of this dedicated sales tax.

Hotel Occupancy Tax Fund accounts for all hotel occupancy tax collected within the Town. Council amended the Town's Code of Ordinance on May 5, 2020, to include short-term rentals to pay a hotel occupancy tax (7%).

Stormwater Drainage Fund accounts for fees charged for stormwater drainage services.

PEG Fund accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

Grant Fund accounts for the grant expenditures for emergency activity due to the COVID-19 pandemic and Staffing for Adequate Fire and Emergency Response (SAFER).

Little Elm TIRZ #3 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 3.

Little Elm TIRZ #4 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 4.

Little Elm TIRZ #5 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 5.

Little Elm TIRZ #6 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 6.

Highway 380 MMD Fund accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses including depreciation/amortization on capital, lease and subscription assets) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following is a description of the major enterprise funds of the Town:

The Water and Sewer Fund is used to account for the operations of providing water and sewer services to residential and commercial customers.

The Solid Waste Fund is used to account for the collection of trash and recyclables from residential users. This fund is designated as major.

Additionally, the Town reports an Internal Service Fund to account for the financing of goods or services provided by one department to other departments within the Town. The Vehicle Replacements fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town.

3. Fiduciary Funds:

The Town reports the following fiduciary fund:

Public Improvement District (PID) Custodial Fund accounts for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the Town as the custodian for the Public Improvement Districts within the Town.

### *Cash and Cash Equivalents*

Cash of all funds, excluding the Town's payroll clearing account, medical card account, and certain escrow accounts, is pooled into a common interest-earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town. The Town may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments purchased with pooled cash, as well as separate investments, are recorded at fair value. The fair value is based on the market price. The fair value of the local government investment pools are the same as the fair value of the pool shares.

Restricted cash and cash equivalents represent donations for specific purposes, restricted grant proceeds attributable to the COVID-19 funds, restricted bond proceeds for capital improvements, and restricted accounts required to be established under the various TIRZ and PID agreements of the Town.

### *Restricted Assets*

Certain proceeds of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position/balance sheet because their use is limited by applicable bond covenants or contractual agreements.

### *Inventories and Prepaid Items*

Inventory is valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### *Accounts Receivable*

Accounts receivable consist primarily of amounts due from citizens for various services provided by the Town as well as property taxes, sales taxes, franchise taxes and amounts due from other governments. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

### *Due from Other Governments*

The amount due from other governments represent balances owed to the Town from various governmental agencies for reimbursement of eligible expenditures.

### *Notes Receivable*

The notes receivable represents the balance owed to the EDC from the Town's Water and Sewer fund for costs related to the Utility Acquisition Agreement with Mustang Special Utility District which are to be repaid in accordance with a Chapter 380 Economic Development and Performance Agreement.

### *Lease Receivable*

The Town is a lessor for noncancellable leases of property. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide, and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses the lessee's rate, or the rate disclosed in the agreement. If the rate is not readily available, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### *Capital Assets*

Capital assets, which include property, plant, equipment, right to use and subscripton assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000. Such assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government, as well as the component units, are depreciated or amortized using the straight line method over the following estimated useful lives:

| Assets | Years |
|---|---|
| Buildings | 20 - 40 |
| Infrastructure | 10 - 25 |
| Water and sewer system | 40 |
| Improvements other than buildings | 7 - 40 |
| Machinery and equipment | 3 - 20 |

### *Lease Assets*

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

### *Subscription Assets*

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

### *Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category.

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions and other inputs included in determining the pension and OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Differences between expected and actual economic experience for the Town's pension and OPEB plan – These effects on the pension and OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category.

- Deferred gain on refunding – A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Differences between expected and actual economic experience for the Town's OPEB plan – These effects on the OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Changes in actuarial assumptions and other inputs included in determining the pension and OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Leases – Represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.
- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, court fines and fees, ambulance billing, alarm permit fees and intergovernmental revenues.

### *Interfund Transactions*

During the course of normal operations, the Town has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charged between funds for these advances.

### *Compensated Absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

### *Unearned Revenue*

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures.

### *Long-term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight- line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### *Lease Liability*

The Town is a lessee for noncancellable leases of property and equipment. The Town recognizes a lease liability, reported with long-term debt, and a right to use lease asset (lease asset), reported with capital, lease and subscription assets, in the government wide and proprietary fund financial statements.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the Town is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

### *Subscription Liability*

The Town contracts for noncancellable subscriptions of information technology software. The Town recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government wide financial statements. The Town recognizes subscription liabilities with an initial, individual value of $10,000 or more.

At the commencement of a subscription, the Town measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straightline basis over its useful life or subscription term, whichever is shorter.

Key estimates and judgments related to subscriptions include how the Town determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Town uses the interest rate charged by the subscription-based information technology arrangement (SBITA) vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital, lease, and subscription assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

### *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Defined Benefit Other Postemployment Benefit Plan (OPEB)*

The Town has a single-employer defined benefit other postemployment benefit (OPEB) plan (Plan). For purposes of measuring the total OPEB liability for the Plan, deferred outflows of resources and deferred inflows of resources related to the OPEB plan, and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms for the Plan.

### *Net Position*

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities, proprietary and fiduciary funds. The government-wide, proprietary, and fiduciary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

*Net Investment in Capital Assets* – This amount consists of capital, lease and subscription assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

*Restricted Net Position* – This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

### *Fund Balance Classifications*

The Town has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions.

The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the Town classifies governmental fund balances as follows:

- Nonspendable: includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
- Restricted: includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed: includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority, which is the Town Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance adopted by the Town Council. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- Assigned: includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used by the Town for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Town Council has authorized the Town Manager or his or her designee as the official authorized person to assign fund balance to a specific purpose as approved by the fund balance policy.
- Unassigned fund balance: is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

### *Fund Balance and Net Position Assumption Flows*

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

### *Minimum Fund Balance Policy*

It is the goal of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 25% of the budgeted expenditures in the General Fund for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. The fund balance level may be reduced to the equivalent of 15% of budgeted expenditures in unusual financial circumstances. If such a situation should occur, the Town will implement necessary corrective action with a three-year plan to restore the unassigned fund balance to the equivalent of 25% of budgeted expenditures. Current reserve levels are in excess of 91% of budgeted expenditures.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town's management to make estimates and assumptions that effect reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

### *Adoption of New Accounting Standards*

The Town has adopted and implemented the following statement during fiscal year ended September 30, 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections*—and amendment of GASB Statement No. 62 – This statement improves the clarity and requirements for accounting changes and error corrections. The adoption had no effect on the Town.

### *Future Financial Reporting Requirements*

The GASB has issued the following potentially significant statements which the Town has not yet adopted, and which require adoption subsequent to September 30, 2024. The Town will evaluate the potential impact on the Town's net position.

| Statement No. | Title | Adoption Required |
|---|---|---|
| 101 | *Compensated Absences* | September 30, 2025 |
| 102 | *Certain Risk Disclosures* | September 30, 2025 |
| 103 | *Financial Reporting Model Improvements* | September 30, 2026 |
| 104 | *Disclosure of Certain Capital Assets* | September 30, 2026 |

## Note 2. Cash and Investments

The Town has adopted an investment policy pursuant to Chapter 2256 of the Texas Government Code, which authorizes the Town's investments in United States government obligations and its agencies, obligations of Texas and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers' acceptances, government pools, and money market funds. The Town selects its investments based on safety, liquidity, yield, and public trust.

The EDC can invest in obligations of the United States Treasury, the State of Texas, certain United States Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds, and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At year end, the carrying amount of the Town and its discretely presented component units' deposits was $135,387,944 and the bank balance was $136,322,391. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

Cash and investments as of September 30, 2024 consist of and are classified in the accompanying financial statements as follows:

| | |
|---|---|
| Statement of net position | |
| Primary Government | |
| Cash and cash equivalents | $ 63,835,499 |
| Investments | 79,596,426 |
| Restricted cash and cash equivalents | 5,422,021 |
| Restricted investments | 35,602,854 |
| Fiduciary Fund | |
| Cash and cash equivalents | 20,736,246 |
| Component Units | |
| Cash and cash equivalents | 9,794,288 |
| Investments | 807,105 |
| Total cash and investments | $ 215,794,439 |
| Cash on hand | $ 2,964 |
| Deposits with financial institutions | 135,387,944 |
| Investments | 80,403,531 |
| Total cash and investments | $ 215,794,439 |

The table below identifies the investment types that are authorized for the Town by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment In One Issuer |
|---|---|---|---|
| U.S. Treasury obligations | 5 years | None | None |
| U.S. Agency obligations | 5 years | None | None |
| Certificates of deposit | 5 years | None | None |
| Direct repurchase agreements | 5 years | None | None |
| No-load money market mutual funds | 5 years | None | None |
| Direct obligations of State of Texas | 5 years | None | None |
| Investment pools | 5 years | None | None |

### *Disclosures relating to credit risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Investing is performed in accordance with investment policies adopted by the Town Council in compliance with the Public Funds Investment Act (PFIA).

Town investment policy and the PFIA generally permit the Town to invest in FDIC insured or fully collateralized certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas and obligations of agencies, counties, cities, and other political subdivisions of Texas having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended September 30, 2024, the Town did not own any types of securities other than those permitted by the Town investment policy or the PFIA.

### *Concentration of credit risk*

The Town's investment policy is to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of investments.

### *Custodial credit and interest rate risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The Town requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the Town's depository in the Town's name and held by the depository's agent. As of September 30, 2024 the Town and its discretely presented component units' deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average maturity of its non-bond proceed investments to no more than nine months.

The Town has recurring fair value measurements as presented in the table below. The Town's investment balances and weighted average maturity of such investments are as follows:

U.S. Treasury Notes classified as level 1 are valued using prices quoted in active markets for those securities. Negotiable certificates of deposit are held with a financial investment institution and are bought and sold as part of the Town's investment portfolio. Negotiable certificates of deposit are measured at fair value with level 2 inputs. U.S. Government Securities reported as level 2 are valued using a matric pricing technique. Matrix pricing is used to value securities' relationship to benchmark quoted prices.

| | | Fair Value Measurements Using | | | | |
|---|---|---|---|---|---|---|
| | Value at September 30, 2024 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Percent of Total Investments | Weighted Average Maturity (Days) |
| Investments not subject to fair value | | | | | | |
| Investment pools | | | | | | |
| TexPool | $ 8,351,619 | $ - | $ - | $ - | 10.39% | 24 |
| TexPool Prime | 18,458,719 | - | - | - | 22.96% | 24 |
| Subject to fair value level | | | | | | |
| Marketable equity securities | | | | | | |
| U.S. Treasury Notes | 2,415,650 | 2,415,650 | - | - | 3.00% | 335 |
| U.S. Agency Securities | 27,206,887 | - | 27,206,887 | - | 33.84% | 391 |
| Municipal bonds | 1,278,747 | - | 1,278,747 | - | 1.59% | 138 |
| Negotiable certificate of deposits | 22,691,909 | - | 22,691,909 | - | 28.22% | 348 |
| Total value | $ 80,403,531 | $ 2,415,650 | $ 51,177,543 | $ - | | |

### *Investment in State Investment Pools*

The Town is a voluntary participant in TexPool. It is noted that investment pools are not subject to the fair value hierarchy.

The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool Prime. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and TexPool Prime and other persons who do not have a business relationship with TexPool or TexPool Prime. TexPool and TexPool Prime operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

## Note 3. Property Taxes

Taxes are levied on October 1 and are payable until January 31 without penalty. Property taxes attach as an enforceable lien on property as of January 1. The total assessed value upon which the fiscal year 2024 (2023 tax) levy was based on $7,910,847,119. Such assessed value was computed based on 100% appraised values.

Article XI, Section 5 of the Texas Constitution allows a tax rate up to $2.50 per $100 valuation. Further, Section 8.03B of the Town's Home-Rule Charter provides that the "Town Council shall have the power, and is hereby authorized to levy, assess, and collect annual taxes not to exceed the maximum limit set by the Constitution and laws of the State of Texas, as they now exist or as they may be amended, on each one hundred dollars ($100.00) assessed valuation". The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2024 was $0.589900 per $100 of assessed valuation. Current tax collections for the year ended September 30, 2024 were approximately 99.42% of the tax levy.

## Note 4. Receivables

Receivables as of year-end for the government's individual major funds, non-major funds in the aggregate and discretely presented component units, including the applicable allowances for uncollectible accounts as of September 30, 2024 are as follows:

| | Governmental Activities | | | | | | |
|---|---|---|---|---|---|---|---|
| | General Fund | Debt Service | Capital Projects | Landscape Fund | Nonmajor Funds | Internal Service Fund | Total |
| Ad valorem taxes | $ 201,962 | $ 60,122 | $ - | $ - | $ - | $ - | $ 262,084 |
| Sales taxes | 1,321,031 | - | - | - | 352,004 | - | 1,673,035 |
| Court | 1,612,534 | - | - | - | - | - | 1,612,534 |
| Ambulance | 1,672,099 | - | - | - | - | - | 1,672,099 |
| Storm drainage | - | - | - | - | 218,249 | - | 218,249 |
| Franchise fees | 1,159,707 | - | - | - | - | - | 1,159,707 |
| Leases | 622,995 | - | - | 3,673,896 | - | - | 4,296,891 |
| Other | 1,126,044 | 120,247 | 88,681 | 24,640 | - | 61,847 | 1,421,459 |
| Gross receivables | 7,716,372 | 180,369 | 88,681 | 3,698,536 | 570,253 | 61,847 | 12,316,058 |
| Less: allowances | (2,835,944) | (2,865) | - | - | (26,129) | - | (2,864,938) |
| Net total receivables | $ 4,880,428 | $ 177,504 | $ 88,681 | $ 3,698,536 | $ 544,124 | $ 61,847 | $ 9,451,120 |

| | Enterprise Funds (Business-Type Activities) | | |
|---|---|---|---|
| | Water and Sewer | Solid Waste | Total |
| Customer accounts | $ 3,829,091 | $ 318,557 | $ 4,147,648 |
| Note receivable | 100,000 | - | 100,000 |
| Other | 369,046 | 74,578 | 443,624 |
| Gross receivables | 4,298,137 | 393,135 | 4,691,272 |
| Less: allowances | (579,805) | (47,017) | (626,822) |
| Net total receivables | $ 3,718,332 | $ 346,118 | $ 4,064,450 |

| | Component Units | | |
|---|---|---|---|
| | EDC | CDC | Total |
| Sales taxes | $ 660,516 | $ 336,780 | $ 997,296 |
| Other | 26,241 | - | 26,241 |
| Total receivables | $ 686,757 | $ 336,780 | $ 1,023,537 |

### *Leases Receivable*

The Town and EDC are lessors for non-cancellable leases of the right-to-use of land, buildings and infrastructure. The Town's leases have interest rates that range from 0.000% to 1.882% annually and terms that range from 15 to 42 years. The Town has $4,296,891 remaining in leases receivable and $4,129,018 of deferred inflows of resources as of September 30, 2024. The Town recorded $233,737 of lease revenue, including interest, during the fiscal year.

EDC has $2,984,804 ($3,613,867 net of $629,063 allowance discussed below) of leases receivable remaining and $3,251,193 of deferred inflows of resources as of September 30, 2024. EDC's leases have interest rates that range from 1% to 3.489% annually and terms that range from 10 to 50 years. EDC recorded $459,885 in lease revenue, including interest during the fiscal year.

Beginning in June 2024, a lessee was unable to pay rent and therefore the lease was terminated. The EDC recorded a loss on lease termination of $407,110 and the lease receivable and deferred inflow of resources related to this agreement were written off during the fiscal year.

The lease agreement with a lessee was amended during fiscal year 2024 and the tenant will not make rent payments to the EDC until October 1, 2025 after renovations to the property are completed. As such, an allowance for the lease receivable was recorded in the amount of $629,063 with a like reduction of the deferred inflow of resources as of September 30, 2024.

Another lease agreement was amended as the lease was terminated effective August 1, 2024. The lease receivable and related deferred inflows of resources for the lease decreased by $409,434 and $403,517 respectively.

As of September 30, 2024, the expected lease receipts through the expiration of all leases are as follows:

**Leases Receivable**

| Fiscal Year Ending September 30, | Governmental Activities - Town | | | EDC | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2025 | $ 189,454 | $ 48,225 | $ 237,679 | $ 60,442 | $ 72,113 | $ 132,555 |
| 2026 | 196,964 | 45,865 | 242,829 | 62,186 | 73,627 | 135,813 |
| 2027 | 204,749 | 43,386 | 248,135 | 63,365 | 72,448 | 135,813 |
| 2028 | 212,814 | 40,784 | 253,598 | 64,567 | 71,246 | 135,813 |
| 2029 | 221,171 | 38,055 | 259,226 | 65,791 | 70,022 | 135,813 |
| 2030-2034 | 1,242,074 | 144,568 | 1,386,642 | 348,146 | 330,919 | 679,065 |
| 2035-2039 | 976,198 | 63,238 | 1,039,436 | 355,635 | 274,347 | 629,982 |
| 2040-2044 | 321,656 | 35,799 | 357,455 | 373,247 | 225,233 | 598,480 |
| 2045-2049 | 282,530 | 27,470 | 310,000 | 409,995 | 188,485 | 598,480 |
| 2050-2054 | 275,669 | 20,331 | 296,000 | 450,361 | 148,119 | 598,480 |
| 2055-2059 | 87,510 | 12,490 | 100,000 | 402,693 | 105,787 | 508,480 |
| 2060-2064 | 86,102 | 3,901 | 90,003 | 378,042 | 70,438 | 448,480 |
| 2065-2069 | | | - | 415,239 | 33,241 | 448,480 |
| 2070-2072 | - | - | - | 164,158 | 1,899 | 166,057 |
| Total | $ 4,296,891 | $ 524,112 | $ 4,821,003 | $ 3,613,867 | $ 1,737,924 | $ 5,351,791 |
| Less Allowance | - | - | - | 629,063 | - | 629,063 |
| Total Net of Allowance | $ 4,296,891 | $ 524,112 | $ 4,821,003 | $ 2,984,804 | $ 1,737,924 | $ 4,722,728 |

### *Financed Purchase Receivable*

The EDC leases certain Corporation-owned property to a company for use in its business. The lease is classified as a financed purchase and expires in 2043. Due to the transfer of ownership at the end of the lease, it is not classified as a lease under GASB 87. The following are the components of the EDC's net investment in direct financing leases and reported as financed purchases receivable as of September 30, 2024:

| | |
|---|---|
| Total minimum lease payments to be received | $ 3,569,618 |
| Less: unearned interest income | (1,253,833) |
| Net investment in direct financing lease | $ 2,315,785 |

As of September 30, 2024, minimum lease payments to be received are as follows:

| Fiscal Year | Amount |
|---|---|
| 2025 | $ 205,559 |
| 2026 | 205,559 |
| 2027 | 205,559 |
| 2028 | 205,559 |
| 2029 | 205,559 |
| 2030-2034 | 1,027,797 |
| 2035-2039 | 1,027,797 |
| 2040-2043 | 486,229 |
| | $ 3,569,618 |

## Note 5. Capital, Lease and Subscription Assets

Capital, lease and subscription asset activity for the year ended September 30, 2024 was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Capital assets not being depreciated/amortized | | | | | |
| Land | $ 10,210,630 | $ 1,619,730 | $ - | $ - | $ 11,830,360 |
| Construction in progress | 64,895,051 | 24,665,457 | - | (9,807,456) | 79,753,052 |
| Total capital assets, not being depreciated | 75,105,681 | 26,285,187 | - | (9,807,456) | 91,583,412 |
| Capital, lease and subscription assets being depreciated/amortized | | | | | |
| Infrastructure | 200,821,959 | 11,671,505 | - | 8,440,261 | 220,933,725 |
| Buildings | 64,191,100 | - | - | 1,367,195 | 65,558,295 |
| Improvements other than buildings | 28,302,584 | 486,127 | - | - | 28,788,711 |
| Machinery and equipment | 24,900,143 | 2,338,570 | (323,516) | | 26,915,197 |
| Lease equipment | 140,004 | 1,481,092 | - | - | 1,621,096 |
| Subscription assets | 842,803 | 62,186 | - | - | 904,989 |
| Total capital, lease and subscription assets being depreciated/amortized | 319,198,593 | 16,039,480 | (323,516) | 9,807,456 | 344,722,013 |
| Less accumulated depreciation/amortization for | | | | | |
| Infrastructure | 63,624,132 | 6,223,997 | - | - | 69,848,129 |
| Buildings | 11,183,029 | 1,603,949 | - | - | 12,786,978 |
| Improvements other than buildings | 12,227,373 | 2,080,039 | - | - | 14,307,412 |
| Machinery and Equipment | 14,826,268 | 3,224,499 | (262,652) | - | 17,788,115 |
| Lease equipment | 28,687 | 213,241 | - | - | 241,928 |
| Subscription assets | 242,362 | 244,997 | - | - | 487,359 |
| Total accumulated depreciation/amortization | 102,131,851 | 13,590,722 | (262,652) | - | 115,459,921 |
| Total capital, lease and subscription assets being depreciated/amortized, net | 217,066,742 | 2,448,758 | (60,864) | 9,807,456 | 229,262,092 |
| Governmental activities capital, lease and subscription assets, net | $ 292,172,423 | $ 28,733,945 | $ (60,864) | $ - | $ 320,845,504 |

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Business-type activities | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | $ 1,639,066 | $ 972,618 | $ - | $ - | $ 2,611,684 |
| Construction in progress | 21,439,988 | 7,347,025 | (1,526,709) | (3,369,822) | 23,890,482 |
| Total capital assets, not being depreciated | 23,079,054 | 8,319,643 | (1,526,709) | (3,369,822) | 26,502,166 |
| Capital and subscription assets being depreciated/amortized | | | | | |
| Buildings | 2,229,206 | 18,400 | - | - | 2,247,606 |
| Water system improvements | 56,220,774 | - | - | 2,751,212 | 58,971,986 |
| Sewer system improvements | 49,980,485 | 891,510 | - | 618,610 | 51,490,605 |
| Machinery and equipment | 4,438,395 | 371,673 | - | - | 4,810,068 |
| Subscription assets | 663,948 | - | - | - | 663,948 |
| Total capital assets being depreciated | 113,532,808 | 1,281,583 | - | 3,369,822 | 118,184,213 |
| Less accumulated depreciation/amortization for | | | | | |
| Buildings | 380,488 | 53,404 | - | - | 433,892 |
| Water system improvements | 17,534,570 | 1,912,042 | - | - | 19,446,612 |
| Sewer system improvements | 15,020,457 | 1,296,497 | - | - | 16,316,954 |
| Machinery and equipment | 2,781,471 | 531,262 | - | - | 3,312,733 |
| Subscription assets | 162,248 | 162,268 | - | - | 324,516 |
| Total accumulated depreciation/amortization | 35,879,234 | 3,955,473 | - | - | 39,834,707 |
| Total capital and subscription assets being depreciated/amortized, net | 77,653,574 | (2,673,890) | - | 3,369,822 | 78,349,506 |
| Business-type activities capital and subscription assets, net | $ 100,732,628 | $ 5,645,753 | $ (1,526,709) | $ - | $ 104,851,672 |

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

| | |
|---|---|
| Governmental activities | |
| General government | $ 732,366 |
| Public safety | 2,379,718 |
| Public works | 6,285,999 |
| Culture and recreation | 2,796,995 |
| Internal service fund | 1,395,644 |
| | $ 13,590,722 |
| Business-type activities | |
| Solid Waste | $ 39,105 |
| Water and Sewer | 3,916,368 |
| | $ 3,955,473 |

Capital asset activities of the Economic Development Corporation, discretely presented component unit, is as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Economic Development Corporaton | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | $ 11,451,447 | $ 1,025,000 | $ (36,000) | $ - | $ 12,440,447 |
| Total capital assets, not being depreciated | 11,451,447 | 1,025,000 | (36,000) | - | 12,440,447 |
| Capital assets being depreciated | | | | | |
| Buildings | 8,315,487 | - | - | - | 8,315,487 |
| Total capital assets being depreciated | 8,315,487 | - | - | - | 8,315,487 |
| Less accumulated depreciation for | | | | | |
| Buildings | 116,875 | 44,910 | - | - | 161,785 |
| Total accumulated depreciation | 116,875 | 44,910 | - | - | 161,785 |
| Total capital assets being depreciation, net | 8,198,612 | (44,910) | - | - | 8,153,702 |
| Economic Development Corporaton, capital assets, net | $ 19,650,059 | $ 980,090 | $ (36,000) | $ - | $ 20,594,149 |

## Note 6. Interfund Activity

Transfers are used to provide funds for debt service, contributions for capital construction, cost allocations and other operational costs as determined by the Town's annual budget. Transfers between funds during the year were as follows:

| Transfer In | Transfer Out | Amount | Purpose |
|---|---|---|---|
| General Fund | Solid Waste Fund | $ 200,000 | Funding for operating costs |
| General Fund | Non-major Governmental Fund | 302,087 | Transfer for operating costs |
| General Fund | Water and Sewer Fund | 1,985,026 | Funding for operating costs |
| Capital Projects Fund | General Fund | 3,000,000 | Funding for governmental capital projects |
| Capital Projects Fund | Water and Sewer Fund | 416,626 | Funding for governmental capital projects |
| Landscape Fund | Solid Waste Fund | 200,000 | Transfer for operating costs |
| Water and Sewer Fund | Debt Service | 2,502,500 | Funding for debt service costs |
| | | $ 8,606,239 | |

During a fiscal year, interfund receivables and payables arise. Interfund payables are expected to be paid within the following year. The following were receivable and payable as of September 30, 2024:

| Receivable | Payable | Amount | Purpose |
|---|---|---|---|
| General Fund | Non-major Governmental Fund | $ 193,754 | Funds owed for allocation of restricted purposes |
| General Fund | Water and Sewer Fund | 1,406 | Funds owed for allocation of restricted purposes |
| General Fund | Solid Waste Fund | 40 | Funds owed for allocation of restricted purposes |
| Non-major Governmental Fund | General Fund | 13,847 | Funds owed for allocation of restricted purposes |
| | | $ 209,047 | |

## Note 7. Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of these deferred inflows of resources reported in the governmental funds were as follows:

| | General Fund | Debt Service Fund | Capital Projects Fund | Landscape Fund | Total |
|---|---|---|---|---|---|
| Property taxes | $ 208,154 | $ 64,017 | $ - | $ - | $ 272,171 |
| Grants | - | - | 911,292 | - | 911,292 |
| Court fines | 108,755 | - | - | - | 108,755 |
| Ambulance | 203,122 | - | - | - | 203,122 |
| Leases | 609,375 | - | - | 3,519,643 | 4,129,018 |
| Other | 8,283 | - | - | - | 8,283 |
| Total | $ 1,137,689 | $ 64,017 | $ 911,292 | $ 3,519,643 | $ 5,632,641 |

## Note 8. Long-Term Debt

The Town of Little Elm issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

### *Changes in Long-term Liabilities*

The following is a summary of changes in long-term debt for the year ended September 30, 2024:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due within One Year |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| General obligation bonds | $ 13,010,000 | $ - | $ (2,300,000) | $ 10,710,000 | $ 2,375,000 |
| Certificates of obligation | 52,730,000 | 6,515,000 | (3,595,000) | 55,650,000 | 2,910,000 |
| Unamortized bond premium | 4,075,326 | 540,070 | (341,489) | 4,273,907 | - |
| Compensated absences | 3,124,833 | 1,443,118 | (779,486) | 3,788,465 | 437,131 |
| Net Pension Liability | 10,188,779 | 1,627,920 | (3,337,013) | 8,479,686 | - |
| Total OPEB Liability | 376,360 | 72,187 | (7,538) | 441,009 | 7,530 |
| Lease liabilities | 112,853 | 1,479,256 | (401,979) | 1,190,130 | 237,545 |
| Subscription liabilities | 358,760 | 62,186 | (132,516) | 288,430 | 130,868 |
| Arbitrage liability | - | 690,013 | - | 690,013 | - |
| | 83,976,911 | 12,429,750 | (10,895,021) | 85,511,640 | 6,098,074 |
| Business-type activities | | | | | |
| General obligation bonds | 12,425,000 | - | (1,490,000) | 10,935,000 | 1,515,000 |
| Certificates of obligation | 23,940,000 | 17,305,000 | (1,610,000) | 39,635,000 | 3,445,000 |
| Unamortized bond premium | 1,956,652 | 1,427,329 | (245,979) | 3,138,002 | - |
| Compensated absences | 293,955 | 190,102 | (180,176) | 303,881 | 75,970 |
| Note payable to EDC | 200,000 | - | (100,000) | 100,000 | 100,000 |
| Net Pension liability | 932,094 | 141,589 | (303,155) | 770,528 | - |
| Total OPEB Liability | 34,917 | 6,331 | (685) | 40,563 | 684 |
| Subscription liabilities | 298,688 | - | (88,562) | 210,126 | 91,492 |
| Arbitrage liability | - | 258,679 | - | 258,679 | - |
| | 40,081,306 | 19,329,030 | (4,018,557) | 55,391,779 | 5,228,146 |
| Total Primary Government | $ 124,058,217 | $ 31,758,780 | $ (14,913,578) | $ 140,903,419 | $ 11,326,220 |
| Component Units | | | | | |
| Notes payable - EDC | $ 16,595,330 | $ - | $ (1,112,768) | $ 15,482,562 | $ 1,142,439 |
| Compensated absences | 118,732 | 35,762 | (61,468) | 93,026 | 3,578 |
| | $ 16,714,062 | $ 35,762 | $ (1,174,236) | $ 15,575,588 | $ 1,146,017 |

Long-term debt of the Town is comprised of the following individual issues as of September 30, 2024:

| Certificates of Obligation | Outstanding Governmental | Due in one year | Outstanding Business-Type | Due in one year |
|---|---|---|---|---|
| $6,000,000 Series 2012 Combination Tax and Revenue Certificates of Obligation due in annual installments of $280,000 to $495,000 through August 2027, plus interest at 2.00% to 2.38% | $ - | $ - | $ 1,440,000 | $ 465,000 |
| 6,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of $150,000 to $335,000 through August 2028, plus interest at 1.50% to 3.00% | 3,120,000 | 305,000 | - | - |
| $3,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of $130,000 to $210,000 through August 2033, plus interest at 1.50% to 3.50% | 615,000 | 155,000 | - | - |
| $9,966,000 Series 2015 Combination Tax and Revenue Certificates of Obligation due in annual installments of $275,000 to $630,000 through August 2036, plust interest at 2.00% to 3.50% | 6,385,000 | 450,000 | - | - |
| $7,640,000 Series 2016 Combination Tax and Revenue Certificates of Obligation due in annual installments of $205,000 to $510,000 through August 2036, plus interest at 2.00% to 5.00% | - | - | 5,230,000 | 375,000 |
| $11,830,000 Series 2017 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $450,000 to $770,000 through August 2037, plus interest at 3.00% to 5.00% | - | - | 8,380,000 | 520,000 |
| $9,966,000 Series 2018 Combination Tax and Revenue Certificates of Obligation due in annual installments of $440,000 to $2,000,000 through August 2038, plus interest at 3.00% to 5.00% | 9,915,000 | 535,000 | - | - |
| $6,640,000 Series 2019 Combination Tax and Revenue Certificates of Obligation due in annual installments of $235,000 to $440,000 through February 2039, plus interest at 1.18% to 2.75% | 5,390,000 | 265,000 | - | - |
| $4,085,000 Series 2020 Combination Tax and Revenue Certificates of Obligation due in annual installments of $160,000 to $250,000 through February 2040, plus interest at 2.00% to 2.37% | 3,410,000 | 175,000 | - | - |

| Certificates of Obligation | Outstanding Governmental | Due in one year | Outstanding Business-Type | Due in one year |
|---|---|---|---|---|
| $21,765,000 Series 2021 Combination Tax and Revenue Certificates of Obligation due in annual installments of $805,000 to $1,400,000 through August 2041, plus interest at 2.00% to 5.00% | 12,135,000 | 520,000 | 7,280,000 | 310,000 |
| $9,560,000 Series 2022 Combination Tax and Revenue Certificates of Obligation due in annual installments of $285,000 to $1,110,000 through August 2042, plus interest at 4.00% to 5.00% | 8,165,000 | 300,000 | - | - |
| $23,820,000 Series 2024 Combination Tax and Revenue Certificates of Obligation due in annual installments of $710,000 to $1,980,000 through February 2044, plus interest at 4.00% to 5.00% | 6,515,000 | 205,000 | 17,305,000 | 1,775,000 |
| | $ 55,650,000 | $ 2,910,000 | $ 39,635,000 | $ 3,445,000 |

| General Obligation Bonds | Outstanding Governmental | Due in one year | Outstanding Business-Type | Due in one year |
|---|---|---|---|---|
| $2,735,000 Series 2012A General Obligation due in annual installments of $130,000 to $210,000 through September 2027, plus interest at 2.09% | $ 625,000 | $ 205,000 | $ - | $ - |
| $3,040,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $205,000 to $525,000 through September 2025, plus interest at 2.00% to 2.50% | - | - | 525,000 | 525,000 |
| $4,550,000 Series 2014 General Obligation Refunding Bonds due in annual installments of $235,000 to $375,000 through August 2029, plus interest at 2.00% to 4.00% | 770,000 | 145,000 | 955,000 | 190,000 |
| $6,725,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $375,000 to $735,000 through August 2027, plus interest at 2.00% to 5.00% | 1,825,000 | 715,000 | - | - |
| $13,645,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $10,000 to $1,090,000 through August 2034, plus interest at 3.00% to 5.00% | - | - | 9,455,000 | 800,000 |

| General Obligation Bonds | Outstanding Governmental | Due in one year | Outstanding Business-Type | Due in one year |
|---|---|---|---|---|
| $7,320,000 Series 2019 General Obligation Refunding Bonds due in annual installments of $525,000 to $880,000 through August 2029, plus interest at 1.60% to 2.20% | 4,100,000 | 760,000 | - | - |
| $5,725,000 Series 2020 General Obligation Refunding Bonds due in annual installments of $720,000 to $535,000 through September 2030, plus interest at 2.00% to 1.77% | 3,390,000 | 550,000 | - | - |
| | $ 10,710,000 | $ 2,375,000 | $ 10,935,000 | $ 1,515,000 |

The annual aggregate maturities for each debt type are as follows:

**General Obligation Bonds**

| Fiscal Year Ending September 30, | Governmental Activities Principal | Interest | Total | Business-Type Activities Principal | Interest | Total |
|---|---|---|---|---|---|---|
| 2025 | $ 2,375,000 | $ 238,994 | $ 2,613,994 | $ 1,515,000 | $ 367,756 | $ 1,882,756 |
| 2026 | 2,435,000 | 186,594 | 2,621,594 | 1,030,000 | 317,950 | 1,347,950 |
| 2027 | 2,120,000 | 132,736 | 2,252,736 | 1,070,000 | 277,725 | 1,347,725 |
| 2028 | 1,580,000 | 83,530 | 1,663,530 | 1,115,000 | 234,925 | 1,349,925 |
| 2029 | 1,620,000 | 45,474 | 1,665,474 | 1,085,000 | 190,325 | 1,275,325 |
| 2031-2034 | 580,000 | 6,264 | 586,264 | 5,120,000 | 481,863 | 5,601,863 |
| Total | $ 10,710,000 | $ 693,592 | $ 11,403,592 | $ 10,935,000 | $ 1,870,544 | $ 12,805,544 |

**Certificates of Obligation**

| Fiscal Year Ending September 30, | Governmental Activities Principal | Interest | Total | Business-Type Activities Principal | Interest | Total |
|---|---|---|---|---|---|---|
| 2025 | $ 2,910,000 | $ 2,011,663 | $ 4,921,663 | $ 3,445,000 | $ 1,478,890 | $ 4,923,890 |
| 2026 | 3,015,000 | 1,890,263 | 4,905,263 | 2,250,000 | 1,355,160 | 3,605,160 |
| 2027 | 3,135,000 | 1,776,938 | 4,911,938 | 2,325,000 | 1,276,595 | 3,601,595 |
| 2028 | 3,240,000 | 1,640,263 | 4,880,263 | 1,905,000 | 1,195,838 | 3,100,838 |
| 2029 | 3,245,000 | 1,497,238 | 4,742,238 | 1,975,000 | 1,123,407 | 3,098,407 |
| 2030-2034 | 17,760,000 | 5,392,318 | 23,152,318 | 11,075,000 | 4,394,971 | 15,469,971 |
| 2035-2039 | 16,265,000 | 2,357,201 | 18,622,201 | 10,055,000 | 2,256,144 | 12,311,144 |
| 2040-2044 | 6,080,000 | 403,863 | 6,483,863 | 6,605,000 | 416,363 | 7,021,363 |
| Total | $ 55,650,000 | $ 16,969,745 | $ 72,619,745 | $ 39,635,000 | $ 13,497,367 | $ 53,132,367 |

*Lease Liabilities*

The Town has entered into multiple lease agreements as lessee for the right-to-use equipment over the term of the lease. The Town is required to make periodic payments at its effective interest rate or the interest rate stated or implied within the leases. The Town's lease agreements incur interest at rates ranging from 0.236% to 0.4750% annually; all of which are accounted for within the governmental activities. Such arrangements range from 3 to 4 years in length.

The future principal and interest payments for lease liabilites as of September 30, 2024, are as follows:

| Fiscal Year Ending September 30, | Governmental Activities | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2025 | $ 237,545 | $ 93,448 | $ 330,993 |
| 2026 | 185,116 | 125,741 | 310,857 |
| 2027 | 166,491 | 120,377 | 286,868 |
| 2028 | 150,844 | 113,980 | 264,824 |
| 2029 | 41,445 | 106,076 | 147,521 |
| Thereafter | 408,689 | 328,916 | 737,605 |
| Total | $ 1,190,130 | $ 888,538 | $ 2,078,668 |

The Town's lease liabilities as of September 30, 2024, are as follows:

| Purpose | Amounts Outstanding 9/30/24 | Amounts Due Within One Year |
|---|---|---|
| Right to Use: | | |
| Frisco West Building Lease | $ 2,997 | $ 2,966 |
| AXON Body Worn Cameras | 348,244 | 87,061 |
| AXON Tasers | 67,983 | 16,996 |
| Axon 60 X2 Unlimited | 119,117 | 35,290 |
| Axon Fleet | 587,939 | 55,154 |
| Novatech Copiers | 63,850 | 40,048 |
| Total | 1,190,130 | 237,515 |

*Subscription Liabilities*

The Town has subscription IT arrangements to conduct its operations, the terms of which expire 2025 through 2027. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

As of September 30, 2024, the value of the subscription liabilities was $288,430 and $210,126 for Governmental Activities and Business-Type Activities, respectively. An incremental borrowing rate of 3.207 percent to 3.630 percent was used to measure subscription liabilities. The value of the right-to-use subscription assets as of September 30, 2024 for Governmental Activities was $904,989 and had accumulated amortization of $487,359. The value of the right-to-use subscription assets as of September 30, 2024 for Business-Type Activities was $663,948 and had accumulated amortization of $324,516 .

The future principal and interest payments for subscription liabilities as of September 30, 2024, are as follows:

| Fiscal Year Ending September 30, | Governmental Activities | | | Business-Type Activities | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2025 | 130,868 | 1,743 | 132,611 | 91,492 | 8,685 | 100,177 |
| 2026 | 116,647 | 1,111 | 117,758 | 94,519 | 5,754 | 100,273 |
| 2027 | 40,915 | 354 | 41,269 | 24,115 | 2,727 | 26,842 |
| Total | $ 288,430 | $ 3,208 | $ 291,638 | $ 210,126 | $ 17,166 | $ 227,292 |

The Town's subscription liabilities as of September 30, 2024, recorded in governmental and business-type activities are as follows:

| Purpose | Amounts Outstanding 9/30/24 | Amounts Due Within One Year |
|---|---|---|
| Right to Use: | | |
| Datto IT Software | $ 23,960 | $ 23,960 |
| DebtBook Software | 29,604 | 9,018 |
| VMWare ESXi IT | 3,408 | 1,677 |
| Munis Software | 420,252 | 177,229 |
| HealthyLife Portal | 21,332 | 10,476 |
| Total | 498,556 | 222,360 |

*Note Payable*

On December 15, 2015, the Town Council approved an Interlocal Chapter 380 Economic Development Program and Performance Agreement between the Town of Little Elm and the Little Elm EDC for payments related to the Utility Acquisition Agreement with Mustang Special Utility District (SUD). Mustang SUD agreed to purchase the system and assume the contracts for a cash consideration of $1,000,000 which is to be paid to the Little Elm EDC in ten equal yearly payments of $100,000 with the first installment payment to the Little Elm EDC to occur on July 1, 2016. The Town also covenants and agrees to pay to the Little Elm EDC the ten equal yearly payments. Accordingly a note payable / receivable has been recorded between the Town and Little Elm EDC. The remaining balance as of September 30, 2024 was $100,000.

*Compensated Absences*

Substantially all vacation and sick leave are paid by the General Fund for the governmental activities.

### *Discretely Presented Component Units – Economic Development Corporation*

Notes payable of the Little Elm Economic Development Corporation as of September 30, 2024 are as follows:

| Payee | Description | Ending Balance at 9/30/2024 |
|---|---|---|
| Government Capital Corporation | $7,593,750 payable to Corporation, made April 15, 2021, payable in semi-annual installments of $48,828 starting November 15, 2021 through May 15, 2023, then $132,092 through May 15, 2041, including interest at 2.57% | $ 7,172,038 |
| Government Capital Corporation | $6,659,559, payable to Corporation, made June 23, 2020, payable in semi-annual installments of $337,252 starting September 15, 2020 through September 15, 2031, including interest at 2.75% | 4,268,340 |
| Southside Bank | $2,543,750, payable to bank, made January 2015, payable in semi-annual installments of $87,965 through November 15, 2034, including interest including interest at 3.4% | 1,510,338 |
| Southside Bank | $3,048,000 payable to bank, originally made July 13, 2017 and refinanced on July 13, 2021, payable in quarterly installments of $44,507, through to final payment January 13, 2043, including interest at 2.947% | 2,531,846 |
| | | $ 15,482,562 |

Annual debt service requirements for the Economic Development Corporation loans are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 1,142,439 | $ 399,910 | $ 1,542,349 |
| 2026 | 1,172,906 | 369,443 | 1,542,349 |
| 2027 | 1,204,191 | 338,158 | 1,542,349 |
| 2028 | 1,236,316 | 306,034 | 1,542,350 |
| 2029 | 1,269,303 | 273,047 | 1,542,350 |
| 2030-2034 | 4,778,806 | 909,429 | 5,688,235 |
| 2035-2039 | 3,187,310 | 425,398 | 3,612,708 |
| 2040-2043 | 1,491,291 | 56,448 | 1,547,739 |
| Total | $ 15,482,562 | $ 3,077,867 | $ 18,560,429 |

## Note 9. Pension Plan

### *Plan Description*

The Town participates as one of over 930 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

### *Benefits Provided*

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the Town granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 91 |
| Inactive employees entitled to but not yet receiving benefits | 242 |
| Active employees | 334 |
| | 667 |

### *Contributions*

Member contribution rates in TMRS are either 5%, 6%, or 7% of Member's total compensation, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The Town's contribution rate is based on the liabilities created from the benefit plan options selected by the Town and any changes in benefits or actual experience over time.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 13.28% and 13.55% in calendar years 2023 and 2024, respectively. The Town's contributions to TMRS for the year ended September 30, 2024 were $3,891,903, and were equal to the required contributions.

The Town's Net Pension Liability (NPL) was measured as of December 31, 2023 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:*

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.50% per year |
| Overall payroll growth | 2.75% per year |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multipled by 103% and female rates by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. These assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global Public Equity | 35.00% | 6.70% |
| Core Fixed Income | 6.00% | 4.70% |
| Non-Core Fixed Income | 20.00% | 8.00% |
| Other Public and Private Markets | 12.00% | 8.00% |
| Real Estate | 12.00% | 7.60% |
| Hedge Funds | 5.00% | 6.40% |
| Private Equity | 10.00% | 11.60% |
| Total | 100.00% | |

### *Discount Rate*

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

### *Allocations*

The Town's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution- based method.

### *Changes in the Net Pension Liability*

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
|---|---|---|---|
| Balance at December 1, 2022 | $ 64,852,039 | $ 53,731,166 | $ 11,120,873 |
| Changes for the year | | | |
| Service cost | 4,917,455 | - | 4,917,455 |
| Interest | 4,488,545 | - | 4,488,545 |
| Change of benefit terms | - | - | - |
| Difference between expected and actual experience | 542,921 | - | 542,921 |
| Contributions - employer | - | 3,640,169 | (3,640,169) |
| Contributions - employee | - | 1,918,764 | (1,918,764) |
| Net investment income | - | 6,251,201 | (6,251,201) |
| Benefit payments, including refunds of employee contributions | (1,627,610) | (1,627,610) | - |
| Administrative expense | - | (39,562) | 39,562 |
| Other changes | (49,286) | (278) | (49,008) |
| Net changes | 8,272,025 | 10,142,684 | (1,870,659) |
| Balance at December 31, 2023 | $ 73,124,064 | $ 63,873,850 | $ 9,250,214 |

### *Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate*

The following presents the net pension liability/(asset) of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

| | 1% Decrease In Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|---|---|---|---|
| Net pension liability (asset) | $ 21,978,213 | $ 9,250,214 | $ (958,157) |

### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

### *Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended September 30, 2024, the Town recognized pension expense of $4,241,164. At September 30, 2024, the Town reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ 868,666 | $ - |
| Changes in actuarial assumptions | 17,356 | 39,268 |
| Difference between projected and actual investment earnings | 1,255,112 | - |
| Contributions subsequent to the measurement date | 2,848,120 | - |
| Total | $ 4,989,254 | $ 39,268 |

The $2,848,120 reported as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date will reduce the net pension liability during the fiscal year ended September 30, 2025. The other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ended September 30, | Net Deferred Outflows (Inflows) of Resources |
|---|---|
| 2025 | $ 722,870 |
| 2026 | 657,178 |
| 2027 | 1,154,378 |
| 2028 | (432,560) |
| | $ 2,101,866 |

The general fund has typically been used to liquidate pension and OPEB liabilities related to governmental activities.

## Note 10. Other Postemployment Benefits Plan (OPEB)

### *Plan Description*

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The Town has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for Town reporting.

### *Benefits Provided*

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees currently receiving benefits | 66 |
| Inactive employees entitled to but not yet receiving benefits | 43 |
| Active employees | 334 |
| | 443 |

### *Contributions*

The member town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member town. The contractually required contribution rate is determined annually for each town. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the town. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the Town was 0.03% and 0.03% for calendar years 2023 and 2024 respectively. The Town's contributions to the SDBF for the year ended September 30, 2024 were $8,749, and were equal to the required contributions. Covered employee payroll was $27,830,041.

### *Total OPEB Liability*

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

### *Actuarial Assumptions*

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.50% per year |
| Salary increases | 3.60% to 11.85% including inflation |
| Discount rate | 3.77% (4.05% in prior year) |
| Retiree's share of benefit-related costs | $ 0 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percentage of payroll; closed |

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis with scale MP-2021. Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The discount rate used to measure the Total OPEB Liability was 3.77% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

### *Changes in Total OPEB Liability*

| | Total OPEB Liability |
|---|---|
| Balance at December 31, 2022 | $ 411,277 |
| Changes for the year | |
| Service Cost | 30,118 |
| Interest on Total OPEB Liability | 17,100 |
| Difference between expected and actual experience | 6,492 |
| Changes of assumptions or other inputs | 24,799 |
| Benefit payments | (8,214) |
| Net Changes | 70,295 |
| Balance at December 31, 2023 | $ 481,572 |

Total OPEB liability was 1.76% of covered employee payroll during the measurement period.

### *Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the Town, calculated using the discount rate of 3.77%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.77%) or 1 percentage-point higher (4.77%) than the current rate:

| | 1% Decrease in Discount Rate (2.77%) | Discount Rate (3.77%) | 1% Increase in Discount Rate (4.77%) |
|---|---|---|---|
| Total OPEB Liability | $ 592,718 | $ 481,572 | $ 397,040 |

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the Town recognized OPEB expense of $33,683. At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 5,614 | $ 30,514 |
| Changes in assumptions and other inputs | 106,496 | 187,071 |
| Contributions subsequent to the measurement date | 6,390 | - |
| Total | $ 118,500 | $ 217,585 |

The $6,390 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2025. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ended September 30 | Net deferred outflows (inflows) of resources |
|---|---|
| 2025 | $ (14,106) |
| 2026 | (16,737) |
| 2027 | (14,072) |
| 2028 | (22,404) |
| 2029 | (28,487) |
| Thereafter | (9,669) |
| Total | $ (105,475) |

## Note 11. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 2,800 individual governments and political subdivision units located within Texas. The Town pays an annual premium to the funds for its workers' compensation, property and liability, and cyber security insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to $1,000,000 per occurrence with a $2,000,000 annual aggregate. There is a deductible of $5,000 due from the Town per claim for personnel liability claims and a $2,500 deductible for general liability. The cyber security provides various tiers of coverage to limit the Town's exposure to this new risk.

There were no reductions in insurance coverage and the Town had not been declined coverage for any exposures or limits of liability and/or scheduled covered amounts from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

## Note 12. Net Position / Fund Balance

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital, lease and subscription assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition and construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### *Restricted Net Position*

Net position is reported in the government-wide statement of net position consisted of the following as of September 30, 2024:

| | Governmental Activities | Business-type Activities | Total Primary Government | Discretely Presented Component Units |
|---|---|---|---|---|
| Restricted for construction | $ - | $ 5,820,484 | $ 5,820,484 | $ - |
| Restricted for economic development | 933,685 | - | 933,685 | 12,244,819 |
| Restricted for stormwater drainage | 2,084,262 | - | 2,084,262 | - |
| Restricted for street maintenance | 1,220,339 | - | 1,220,339 | - |
| Restricted for debt service | 2,658,564 | - | 2,658,564 | 1,146,017 |
| Restricted for other: | | | | |
| Donor stipulations | 57,515 | - | 57,515 | - |
| Public, education, government access | 75,144 | - | 75,144 | - |
| Tourism | 212,467 | - | 212,467 | - |
| Public safety | 802,750 | - | 802,750 | - |
| Total restricted for other | 1,147,876 | - | 1,147,876 | - |
| | $ 8,044,726 | $ 5,820,484 | $ 13,865,210 | $ 13,390,836 |

### *Fund Balance*

The composition of the governmental fund balances at September 30, 2024 is as follows:

| | General Fund | Debt Service Fund | Capital Projects Fund | PID Capital Projects Project | Landscape Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| Non-spendable | | | | | | | |
| Inventories | $ 122,816 | $ - | $ - | $ - | $ - | $ - | $ 122,816 |
| Prepaids | 39,774 | - | 88,338 | - | - | - | 128,112 |
| Total nonspendable | 162,590 | - | 88,338 | - | - | - | 250,928 |
| Restricted for | | | | | | | |
| Debt service | - | 2,658,564 | - | - | - | - | 2,658,564 |
| Street maintenance | - | - | - | - | - | 1,220,339 | 1,220,339 |
| Police | - | - | - | - | - | 327,903 | 327,903 |
| Fire | - | - | - | - | - | 24,055 | 24,055 |
| Stormwater drainage | - | - | - | - | - | 2,084,262 | 2,084,262 |
| Court | - | - | - | - | - | 230,843 | 230,843 |
| Library | - | - | - | - | - | 57,515 | 57,515 |
| Animal Control | - | - | - | - | - | - | - |
| Public, Education, Government Access | - | - | - | - | - | 75,144 | 75,144 |
| Tourism | - | - | - | - | - | 212,467 | 212,467 |
| Economic Development | - | - | - | - | - | 933,685 | 933,685 |
| Child Safety | - | - | - | - | - | 219,949 | 219,949 |
| Capital projects | - | - | 14,829,287 | 3,370,466 | - | - | 18,199,753 |
| Total restricted | - | 2,658,564 | 14,829,287 | 3,370,466 | - | 5,386,162 | 26,244,479 |
| Committed for | | | | | | | |
| Streetscape | - | - | - | - | 334,138 | - | 334,138 |
| Assigned for | | | | | | | |
| Capital projects | - | - | 24,152,353 | - | - | - | 24,152,353 |
| Unassigned | 56,764,477 | - | - | - | - | (12,210) | 56,752,267 |
| | $ 56,927,067 | $ 2,658,564 | $ 39,069,978 | $ 3,370,466 | $ 334,138 | $ 5,373,952 | $ 107,734,165 |

## Note 13. Commitments and Contingencies

In March 2003, the Town entered into a thirty-year contract with the North Texas Municipal Water District (NTMWD) for the purchase of treated water. Under the terms of this contract, the Town is obligated to make a minimum annual payments (adjusted annually) in return for a minimum volume of gallons of water per year. During the year ended September 30, 2024, the cost of water purchased under this contract was $7,132,243.

At September 30, 2024 and subsequent to year end, the Town is committed to numerous contracts for capital improvements totaling $18,223,684.

## Note 14. Little Elm Tax Increment Reinvestment Zones and Public Improvement Districts

The Town Council created and participates in a total of four Tax Increment Reinvestment Zones (“TIRZ”)(#3, #4, #5, and #6). The two original TIRZ created in 2008 referred to as TIRZ #1 and TIRZ #2 were terminated in November 2013. Subsequent to the creation of the two TIRZ zones, the Council on February 3, 2009 authorized and established the creation of the Little Elm Redevelopment Authority (“LERA”). The LERA was dissolved in February 2014. Upon the termination of TIRZ #1 in 2013, the Town created TIRZ #3 for the "Lakefront District" which consists of approximately 847 acres and has a base taxable assessed value of $33,542,713.

The Town Council created TIRZ #4 in December 2013 for the Valencia on the Lake multi-phase residential development of approximately 447.942 acres. The Town also created the Valencia Public Improvement District (“PID”) in September 2013 to finance certain public infrastructure improvements. The PID and the TIRZ boundaries are contiguous as the goal of the TIRZ is to assist with the development. The Town issued two series of special assessment revenue bonds (the "PID Bonds") in the amounts of $12,240,000 and $4,000,000 in February 2014 that are secured solely from assessment revenues generated within the Valencia PID. The bonds funded major improvement projects to include certain roadway, water, wastewater and drainage improvements. On November 6, 2018 the Town issued three series of bonds for the Valencia on the Lake PID. The first series of revenue bonds refunded the 2014 Phase #1 Bonds, refinanced the Phase #1 reimbursement agreement portion of the 2014 bonds and restructured the debt service requirements by passage of Ordinance No.1445. The second series of revenue bonds were identified as the Improvement Area #2 Refunding and Improvement Bonds and were issued to refund a portion of the 2014 bonds used to finance improvements related to Improvement Area #2, refinance the pro rata portion of the Phase #2 local improvements and financed additional improvements relating in Improvement Area #2 through Ordinance No. 1446. The Major Improvement Area Refunding Bonds were the third series of bonds issued in FY 2018 through Ordinance No. 1447. They were to refund the pro-rata portion of the 2014 Major Improvement Bonds related to Phases #2B, #3B, and #4.

The Town Council created a TIRZ #5 in December 2014 with a base value of real property of $5,380,866. Over time, the TIRZ #5 zone has modified property parcels by adding into or removing from the zone to establish the area to reflect 943.5 acres. The zone is located near the intersections of US-380 and FM- 2931. The majority of the land within the TIRZ zone is vacant and undeveloped. The zone was established to facilitate the development of retail and single-family homes. At the time the original zone was established, the TIRZ project costs were financed by incremental real property tax generated and sales tax within the zone. Such incremental property tax was 46% from the Town of Little Elm and 50% of one cent of sales tax rate collected in the zone.

Since then, Town Council amended previous Ordinances and approved Ordinance No. 1607 Final Project and Financing Plan on May 4, 2021, which established the zone encompassing 862.23 acres. The goal of the TIRZ is still to facilitate the development of the currently vacant land with retail and single-family developments while creating a unique cohesive development that builds on the high development standard established within the Town. In order to fund the public improvements within the zone, the Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund beginning with incremental real property taxes due by January 31, 2022 and ending with incremental real property taxes due by January 31, 2060. The new base value of the taxable real property in the Zone is $15,654,221. Such public improvement costs that financed the incremental real property tax generated within the TIRZ include roadway, water system, sanitary sewer, storm water improvements, parks, trails, landscaping and hardscaping, public utilities purchase, and economic development grants for the total amount of $184,000,000. The Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund until the earlier of the maximum TIRZ increments paid for the TIRZ obligations reach $184 million or December 31, 2060.

The Town of Little Elm entered into agreements related to the Zone, including an Amended and Restated Tax Increment Payment (TIP) Agreement dated April 6, 2021. The Town agreed to make payments from the pledge revenues, which consist of 50% of the property taxes levied and finally collected by the Town for that year on the captured appraised value of real property taxable in the Zone to CADG Lincoln Park, LLC. The Public Finance Authority (PFA) issued Certificates of Participation, Series 2021 for $30,400,000 to provide funds to finance the project through paying the TIP payments. CADG has entered into an assignment agreement dated May 28, 2021 to which CADG sold, transferred, delivered, assigned, and conveyed the pledged revenues scheduled to be paid by the Town under the TIP agreement to PFA for the issuance of bonds.

The Town is not anticipated to issue bonds directly secured by the TIRZ increments. However, the TIRZ increments may be used as part of the repayment of bonds issued through other financial structures like a Public Improvement District (PID).

The Hillstone Pointe PID No. 2 was created in June 2015. It is located at the northern section of TIRZ #5 and its boundaries are not contiguous. TIRZ #5 and Hillstone Pointe PID No. 2 are located near the 380 Corridor within the newly annexed area on the northern boundary of the Town of Little Elm. The Town issued $6,000,000 in special assessment revenue bonds (the "PID Bonds") for Phases #1-1a through approval of Ordinance No. 1422 on October 17, 2017. The Bonds are secured solely from assessment revenues generated within the Hillstone Pointe PID No. 2. The Bonds funded Phase 1 and Phase 1A improvements which included certain roadway, water system, storm drainage, sanitary sewer, screening and landscaping and other soft and miscellaneous improvements. The Town issued the next set of Bonds ($4,688,000 Special Assessment Revenue Bonds, Series 2018) for the Hillstone Pointe PID No. 2 Phases 2 and 3 through Ordinance No. 1471 in December 2018. The Bonds are secured solely from assessment revenues generated from Phases 2 and 3 of the PID and the proceeds are being used to fund a portion of the actual costs of the Phase 2 and 3 improvements.

Council also approved a new PID within the TIRZ 5 zone February 22, 2021, identified as Spiritas Ranch Public Improvement District and on May 4, 2021, annexed in approximately 7.21 acres of land located in the Town's ETJ for such PID. This PID is generally located south of US-380, east of FM-720, and west of Lewisville Lake and estimated costs of the authorized improvements is $65,000,000. Such costs shall be paid by assessment of the property owners within the District. The developer will be obligated for the costs of authorized improvements and the Town will not be obligated to provide any funds to finance the authorized improvements other than from special assessments levied on real property within the District. On May 11th, 2021, Council approved Ordinance No. 1606 for the issuance and sale of special assessment revenue bonds (PID Bonds), Series 2021 in the amount of $43,200,000 for the Spiritas Ranch PID Area #1 and Major Improvement Area projects. The Bonds are secured solely from assessment revenues generated within the Spiritas Ranch PID for area #1 and major improvement area projects.

The Town's third PID was created by the Town in October 2016 identified as the Rudman Tract Public Improvement District to finance the costs of certain public improvements for the benefit of property in the PID. TIRZ #6 was created in November 2016 to be contiguous with the Rudman Tract to help the area develop. The area encompasses 146.8 acres. The Town approved reimbursement obligations to finance the public improvements provided for the benefit of the property in the PID. Phase #1 Reimbursement Agreement of $7,300,000 and Phase #2 Major Improvements Reimbursement Agreement of $2,075,000 are secured by special assessments. The Town consented to the assignment of the reimbursement amounts between the OPLE Prairie Oaks Development, Inc. and the PFA in May 2017. Bonds were issued by the Wisconsin PFA for the development in May 2017.

The Town on December 20, 2016 created the fourth PID for the Town of Little Elm. This PID is located at the Town's northern border next to Highway 380 and will be identified as Lakeside Estates PID No. 2. A TIRZ was not approved to assist with the development of this project. The Town authorized the issuance and sale of special assessment revenue bonds, Series 2017 in December 2017 for $4,700,000, payable solely from and secured by a pledge of special assessments. The bonds funded improvements which included certain roadway, water distribution system, storm drainage, sanitary sewer, screening and other PID Bond issuance costs.

The TIRZ and PID's in respect to their duration and the projects to be undertaken and other terms and conditions are set forth in the respective ordinances creating such zones and the public improvement districts. Although current plans provide that project costs for the zones will be paid or reimbursed from tax increments as collected, the Town may determine at a future date to issue bonds or other obligations secured by or payable in whole or in part from Tax Increment Revenues. At September 30, 2024, the oustanding balance of the special assessment bonds in connection with the Town's PIDs is $107,670,094. The owners of the PID Bonds do not have the right to demand payment from any funds of the Town other than the pledged revenues, consisting primarily of assessments levied and collected against the property within the specific PID, and the Town has no obligation to pay the PID Bonds from any other source.

### *Tax Increment Financing*

Tax Increment Financing (TIF) is a tool to help finance public improvements and development projects within a defined area. A municipality makes an area eligible for TIF by designating it a Tax Increment Reinvestment Zone (TIRZ). Within the designated zone, all of the incremental tax revenue growth flows to an established tax increment fund to help pay for public improvements within the zone. The Town has adopted four Tax Increment Reinvestment Zones (TIRZ) in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. The four active Tax Increment Reinvestment Zones include TIRZ #3, #4, #5, and #6. The purpose of TIRZ #3 is to help pay for project costs associated with the development of the Town's Lakefront District. The Zone's projected costs are primarily related to park and park improvements, streets, community park known as The Lawn at The Lakefront™, utilities, a recreation and aquatic center, landscaping, trails, a plaza and lighting. TIRZ #4, #5, and #6 were created to facilitate the development of the respective areas to bring in retail and single family developments while creating a unique cohesive development that builds on the high development standards already established within the Town. Specific project costs may include but is not limited to roads, water, sewer and storm water management. In fiscal year 2024, the Town made $3,511,963 in payments to the TIRZ funds. Denton County agreed to participate in TIRZ # 3 until the date the TIRZ #3 zone terminates that of which is December 31, 2043. Denton County contributed $128,199 for fiscal year 2024.

## Note 15. Tax Abatements and Economic Incentives

The Town enters into economic development agreements designed to promote development, stimulate commercial activity, enhance the property tax base, and increase the economic vitality. The Town's economic development agreements are authorized under the Texas Local Government Code Chapter 311 (Tax Increment Financing Act), Chapter 312 (Property Redevelopment and Tax Abatements), and Chapter 380 (Economic Development Programs). Recipients may be eligible to receive economic assistance based upon employment, economic, or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases or bringing targeted development to the Town. Agreements generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

### *General Economic Development*

The Town enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of property taxes or sales tax received by the Town. For fiscal year 2024, the Town rebated $300,822 in sales taxes and $2,487,175 of property taxes and made other incentive payments of $904,190 under the agreements.

# Required Supplementary Information

**Town of Little Elm, Texas**
**Statement of Revenues, Expenditures and Changes**
**In Fund Balances - Budget (GAAP Basis) and Actual - General Fund**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes: | | | | |
| Property taxes, penalty, and interest | $ 25,582,466 | $ 25,582,466 | $ 28,207,263 | $ 2,624,797 |
| General sales and use taxes | 6,934,860 | 6,934,860 | 8,219,304 | 1,284,444 |
| Franchise taxes and other | 2,370,000 | 2,370,000 | 2,693,344 | 323,344 |
| Licenses and permits | 3,384,076 | 3,384,076 | 5,797,928 | 2,413,852 |
| Intergovernmental | 7,074,110 | 7,293,911 | 8,130,280 | 836,369 |
| Charges for services | 6,980,000 | 6,980,000 | 8,620,301 | 1,640,301 |
| Fines and forfeitures | 835,000 | 835,000 | 804,247 | (30,753) |
| Interest | 1,090,000 | 1,090,000 | 3,213,803 | 2,123,803 |
| Other revenues | 141,000 | 141,000 | 408,998 | 267,998 |
| Total revenues | 54,391,512 | 54,611,313 | 66,095,468 | 11,484,155 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | 7,415,831 | 8,565,773 | 7,993,850 | 571,923 |
| Community services | 4,995,855 | 5,084,934 | 3,837,769 | 1,247,165 |
| Public safety | 31,649,376 | 31,889,991 | 30,764,365 | 1,125,626 |
| Public works | 4,180,434 | 4,451,890 | 4,311,035 | 140,855 |
| Culture and recreation | 8,734,787 | 8,886,382 | 8,871,912 | 14,470 |
| Debt service: | | | | |
| Principal retirement | 534,495 | 534,495 | 534,495 | - |
| Interest and fiscal agent fees | 626,260 | 626,260 | 525,536 | 100,724 |
| Capital outlay | 2,048,424 | 2,306,940 | 2,602,461 | (295,521) |
| Total expenditures | 60,185,462 | 62,346,665 | 59,441,423 | 2,905,242 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | (5,793,950) | (7,735,352) | 6,654,045 | 14,389,397 |
| **Other Financing Sources (Uses)** | | | | |
| Leases issued | - | - | 1,479,256 | 1,479,256 |
| Subscriptions issued | - | - | 62,186 | 62,186 |
| Sale of capital assets | - | - | 11,531 | 11,531 |
| Insurance recoveries | 50,000 | 323,169 | 587,812 | 264,643 |
| Transfers in | 2,392,528 | 2,392,528 | 2,487,113 | 94,585 |
| Transfers out | - | (3,000,000) | (3,000,000) | - |
| Total other financing sources (uses) | 2,442,528 | (284,303) | 1,627,898 | 1,912,201 |
| **Net Change in Fund Balances (Deficit)** | (3,351,422) | (8,019,655) | 8,281,943 | 16,301,598 |
| **Fund Balances, Beginning of Year** | 48,645,124 | 48,645,124 | 48,645,124 | - |
| **Fund Balances, End of Year** | $ 45,293,702 | $ 40,625,469 | $ 56,927,067 | $ 16,301,598 |

**Town of Little Elm, Texas**
**Statement of Revenues, Expenditures and Changes**
**In Fund Balances - Budget (GAAP Basis) and Actual - Landscape Fund**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Charges for services | $ 230,213 | $ 357,681 | $ 555,328 | $ 197,647 |
| Interest | 10,000 | 10,000 | 17,359 | 7,359 |
| Other revenues | 13,800 | 13,800 | 13,801 | 1 |
| Total revenues | 254,013 | 381,481 | 586,488 | 205,007 |
| **Expenditures** | | | | |
| Community services | 818,000 | 840,583 | 825,007 | 15,576 |
| Total expenditures | 818,000 | 840,583 | 825,007 | 15,576 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | (563,987) | (459,102) | (238,519) | 220,583 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 250,000 | 250,000 | 200,000 | (50,000) |
| Total other financing sources (uses) | 250,000 | 250,000 | 200,000 | (50,000) |
| **Net Change in Fund Balances** | (313,987) | (209,102) | (38,519) | 170,583 |
| **Fund Balances, Beginning of Year** | 372,657 | 372,657 | 372,657 | - |
| **Fund Balances, End of Year** | $ 58,670 | $ 163,555 | $ 334,138 | $ 170,583 |

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## Stewardship, Compliance, and Accountability

### *Budgetary Information*

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund, debt service fund, water and sewer fund, and all special revenue funds, with the exception of the Little Elm TIRZ #4, TIRZ #5,TIRZ #6, and Hwy 380 MMD Funds. All annual appropriations lapse at fiscal year-end.

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

(1) Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures and the means of financing them.
(2) Public hearings are conducted to obtain taxpayer comments.
(3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.
(4) The Town Manager is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Town Council.

**Town of Little Elm, Texas**
**Schedule of Changes in Net Pension Liability and Related Ratios-**
**Texas Municipal Retirement System**
**Last Ten Measurement Periods**

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| **Total Pension Liability** | | | | |
| Service cost | $ 1,781,572 | $ 2,120,510 | $ 2,355,108 | $ 2,626,348 |
| Interest | 1,306,279 | 1,544,900 | 1,739,588 | 2,023,022 |
| Change of benefit terms | - | - | - | - |
| Differences between expected and actual experience | 511,427 | 187,346 | 298,105 | (90,555) |
| Change in assumptions | - | 90,206 | - | - |
| Benefit payments | (326,527) | (393,218) | (323,979) | (334,803) |
| **Net Change in Total Pension Liability** | 3,272,751 | 3,549,744 | 4,068,822 | 4,224,012 |
| **Total Pension Liability - Beginning** | 17,933,610 | 21,206,361 | 24,756,105 | 28,824,927 |
| **Total Pension Liability - Ending (a)** | $ 21,206,361 | $ 24,756,105 | $ 28,824,927 | $ 33,048,939 |
| **Plan Fiduciary Net Position** | | | | |
| Contributions - employer | $ 1,185,583 | $ 1,535,872 | $ 1,676,473 | $ 1,968,224 |
| Contributions - nonemployer | 774,891 | 838,620 | 908,306 | 1,021,378 |
| Net investment income | 857,339 | 25,774 | 1,316,544 | 3,194,579 |
| Benefit payments | (326,527) | (393,218) | (323,979) | (334,803) |
| Administrative income | (8,946) | (15,693) | (14,848) | (16,529) |
| Other | (736) | (776) | (798) | (838) |
| **Net Change in Plan Fiduciary Net Position** | 2,481,604 | 1,990,579 | 3,561,698 | 5,832,011 |
| **Plan Fiduciary Net Position - Beginning** | 14,979,082 | 17,460,686 | 19,451,265 | 23,012,963 |
| **Plan Fiduciary Net Position - Ending (b)** | $ 17,460,686 | $ 19,451,265 | $ 23,012,963 | $ 28,844,974 |
| **Net Pension Liability - Ending (a) – (b)** | $ 3,745,675 | $ 5,304,840 | $ 5,811,964 | $ 4,203,965 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 82.34% | 78.57% | 79.84% | 87.28% |
| Covered Payroll | $ 11,065,942 | $ 11,980,280 | $ 12,975,800 | $ 14,574,627 |
| Net Pension Liability as a Percentage of Covered Payroll | 33.85% | 44.28% | 44.79% | 28.84% |

**Other Information:**
For the 2015 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2014.

For the 2019 valuation, actuarial studies were updated through December 31, 2018.

For the 2023 valuation, actuarial studies were updated through December 31, 2022.

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 3,014,390 | $ 3,282,649 | $ 3,772,041 | $ 4,005,588 | $ 4,284,588 | $ 4,917,455 |
| 2,313,659 | 2,691,346 | 3,087,959 | 3,545,147 | 3,988,084 | 4,488,545 |
| - | - | - | - | - | - |
| 859,152 | 279,168 | 775,209 | 119,178 | 261,388 | 542,921 |
| - | 178,056 | - | - | - | (49,286) |
| (559,416) | (892,522) | (707,805) | (1,249,860) | (1,244,899) | (1,627,610) |
| 5,627,785 | 5,538,697 | 6,927,404 | 6,420,053 | 7,289,161 | 8,272,025 |
| 28,824,927 | 38,676,724 | 44,215,421 | 51,142,825 | 57,562,878 | 64,852,039 |
| $ 34,452,712 | $ 44,215,421 | $ 51,142,825 | $ 57,562,878 | $ 64,852,039 | $ 73,124,064 |
| $ 2,266,748 | $ 2,386,394 | $ 2,822,744 | $ 2,945,480 | $ 3,297,312 | $ 3,640,169 |
| 1,197,238 | 1,267,432 | 1,466,905 | 1,536,390 | 1,677,412 | 1,918,764 |
| (866,209) | 4,788,117 | 2,924,215 | 5,870,497 | (3,954,752) | 6,251,201 |
| (559,416) | (892,522) | (707,805) | (1,249,860) | (1,244,899) | (1,627,610) |
| (16,699) | (26,963) | (18,855) | (27,068) | (34,078) | (39,562) |
| (871) | (810) | (735) | 185 | 40,665 | (278) |
| 2,020,791 | 7,521,648 | 6,486,469 | 9,075,624 | (218,340) | 10,142,684 |
| 28,844,974 | 30,865,765 | 38,387,413 | 44,873,882 | 53,949,506 | 53,731,166 |
| $ 30,865,765 | $ 38,387,413 | $ 44,873,882 | $ 53,949,506 | $ 53,731,166 | $ 63,873,850 |
| $ 3,586,947 | $ 5,828,008 | $ 6,268,943 | $ 3,613,372 | $ 11,120,873 | $ 9,250,214 |
| 89.59% | 86.82% | 87.74% | 93.72% | 82.85% | 87.35% |
| $ 16,783,907 | $ 18,106,173 | $ 20,955,784 | $ 21,948,430 | $ 23,963,021 | $ 27,380,041 |
| 21.37% | 32.19% | 29.92% | 16.46% | 46.41% | 33.78% |

## Town of Little Elm, Texas
## Schedule of Pension Contributions -
## Texas Municipal Retirement System
## Last Ten Fiscal Years

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| Actuarially determined contribution | $ 1,450,482 | $ 1,721,094 | $ 1,901,949 | $ 2,201,774 |
| Contributions in relation to the actuarially determined contribution | 1,450,482 | 1,721,094 | 1,901,949 | 2,201,774 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| Covered payroll | 12,244,425 | 13,214,555 | 14,104,876 | 16,242,464 |
| Contributions as a percentage of covered payroll | 11.85% | 13.02% | 13.48% | 13.56% |

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

**Notes to Schedule of Contributions:**

**Valuation Date:**

| | |
|---|---|
| Notes | Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later. |

**Methods and Assumptions Used to Determine Contribution Rates:**

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 21 Years (longest amortization ladder) |
| Asset Valuation Method | 10 Year smoothed market; 12% soft corridor |
| Inflation | 2.50% |
| Salary Increases | 3.60% to 11.85% including inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. |
| Mortality | Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).<br>Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence). |

**Other Information:**

| | |
|---|---|
| Notes | There were no benefit changes during the year. |

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| $ 2,459,086 | $ 2,640,722 | $ 2,901,400 | $ 3,196,772 | $ 3,542,445 | $ 3,891,903 |
| 2,459,086 | 2,640,722 | 2,901,400 | 3,196,772 | 3,542,445 | 3,891,903 |
| $ - | $ - | $ - | $ - | $ - | $ - |
| 18,403,629 | 19,524,411 | 21,597,802 | 23,338,033 | 26,426,525 | 29,162,129 |
| 13.36% | 13.53% | 13.43% | 13.70% | 13.40% | 13.35% |

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**Town of Little Elm, Texas**
**Schedule of Changes in the Total OPEB Liability and Related Ratios**
**Texas Municipal Retirement System**
**Last Seven Measurement Periods**

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| **Total OPEB Liability** | | | | | | | |
| Service cost | $ 24,777 | $ 33,568 | $ 27,159 | $ 41,912 | $ 48,287 | $ 57,511 | $ 30,118 |
| Interest | 10,108 | 11,094 | 12,691 | 12,031 | 11,124 | 11,521 | 17,100 |
| Changes of benefit terms | - | - | - | - | - | - | - |
| Differences between expected and actual experience | - | (4,395) | (31,013) | (16,377) | (9,378) | (6,285) | 6,492 |
| Changes of assumptions or other inputs | 30,053 | (28,403) | 81,166 | 82,266 | 20,991 | (246,448) | 24,799 |
| Benefit payments | (1,457) | (1,678) | (1,811) | (2,096) | (6,585) | (4,793) | (8,214) |
| **Net Change in Total OPEB Liability** | 63,481 | 10,186 | 88,192 | 117,736 | 64,439 | (188,494) | 70,295 |
| **Total OPEB Liability - Beginning** | 255,737 | 319,218 | 329,404 | 417,596 | 535,332 | 599,771 | 411,277 |
| **Total OPEB Liability - Ending** | $ 319,218 | $ 329,404 | $ 417,596 | $ 535,332 | $ 599,771 | $ 411,277 | $ 481,572 |
| **Covered-Employee Payroll** | 21,948,430 | 20,955,784 | 18,106,173 | 16,783,907 | 14,574,627 | 23,963,021 | 27,380,041 |
| **Town's Total OPEB Liability as a Percentage of Covered-Employee Payroll** | 2.19% | 1.96% | 2.31% | 2.55% | 4.12% | 1.72% | 1.76% |

Only seven years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75); therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

**Notes to Schedule:**

Changes of benefit terms: None

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

| | |
|---|---|
| 2017 | 3.31% |
| 2018 | 3.71% |
| 2019 | 2.75% |
| 2020 | 2.00% |
| 2021 | 1.84% |
| 2022 | 4.05% |
| 2023 | 3.77% |

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# Combining and Individual Fund Financial Statements and Schedules

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**Town of Little Elm, Texas**
**Budgetary Comparison Schedule (GAAP Basis)**
**Debt Service Fund**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes, penalty, and interest | $ 9,872,576 | $ 9,872,576 | $ 10,645,535 | $ 772,959 |
| Intergovernmental | 111,073 | 111,073 | 112,743 | 1,670 |
| Interest | 100,000 | 100,000 | 313,128 | 213,128 |
| Total revenues | 10,083,649 | 10,083,649 | 11,071,406 | 987,757 |
| **Expenditures** | | | | |
| Debt service: | | | | |
| Principal retirement | 7,895,000 | 5,895,000 | 5,895,000 | - |
| Interest and fiscal agent fees | 2,620,369 | 2,117,744 | 2,102,074 | 15,670 |
| Total expenditures | 10,515,369 | 8,012,744 | 7,997,074 | 15,670 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | (431,720) | 2,070,905 | 3,074,332 | 1,003,427 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers out | - | (2,502,625) | (2,502,500) | 125 |
| Total other financing sources (uses) | - | (2,502,625) | (2,502,500) | 125 |
| **Net Change in Fund Balances** | (431,720) | (431,720) | 571,832 | 1,003,552 |
| **Fund Balances, Beginning of Year** | 2,086,732 | 1,203,899 | 2,086,732 | 882,833 |
| **Fund Balances, End of Year** | $ 1,655,012 | $ 772,179 | $ 2,658,564 | $ 1,886,385 |

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# Nonmajor Governmental Funds

## Special Revenue Funds

### *Special Revenue Funds*

Accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

### *Donations Fund*

Accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

### *Forfeitures Fund*

Accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

### *Street Maintenance Fund*

Accounts for a Special Purpose District that provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District was reauthorized by voters on May 1, 2021.

### *Hotel Occupancy Tax Fund*

Accounts for all hotel occupancy tax collected within the Town. Council amended the Town's Code of Ordinance May 5, 2020, to include short-term rentals to pay a hotel occupancy tax (7%).

### *Stormwater Drainage Fund*

Accounts for fees charged for storm water drainage services.

### *PEG Fund*

Accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

### *Grant Fund*

Accounts for the grant expenditures for emergency activity due to the COVID-19 pandemic and Staffing for Adequate Fire and Emergency Response (SAFER).

### *TIRZ #3 Fund*

Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 3.

### *TIRZ #4 Fund*

Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 4.

### *TIRZ #5 Fund*

Accounts for proceeds and expenditures relating to Little Elm TIRZ# 5.

### *TIRZ #6 Fund*

Accounts for proceeds and expenditures relating to Little Elm TIRZ# 6.

### *Highway 380 MMD Fund*

Accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

**Town of Little Elm, Texas**
**Combining Balance Sheet**
**Nonmajor Governmental Funds**
**September 30, 2024**

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | Special Revenue | Donations | Forfeitures | Street Maintenance |
| **Assets** | | | | |
| Cash and cash equivalents | $ 323,674 | $ 51,937 | $ 204,264 | $ 566,395 |
| Investments | 184,231 | 29,562 | 116,265 | 322,385 |
| Receivables (net of allowances for uncollectibles): | | | | |
| Taxes | - | - | - | 330,258 |
| Other | 1,489 | 239 | 939 | 2,605 |
| Due from other governments | - | - | - | - |
| Due from other funds | - | - | 13,847 | - |
| Total assets | $ 509,394 | $ 81,738 | $ 335,315 | $ 1,221,643 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | |
| **Liabilities** | | | | |
| Accounts payable and other accrued liabilities | $ 2,222 | $ - | $ 48,904 | $ - |
| Due to other funds | - | - | 13,847 | - |
| Unearned revenue | 745 | 120 | 470 | 1,304 |
| Total liabilities | 2,967 | 120 | 63,221 | 1,304 |
| **Fund Balances (Deficit)** | | | | |
| Restricted | 506,427 | 81,618 | 272,094 | 1,220,339 |
| Unassigned | - | - | - | - |
| Total fund balances (deficit) | 506,427 | 81,618 | 272,094 | 1,220,339 |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | $ 509,394 | $ 81,738 | $ 335,315 | $ 1,221,643 |

| Special Revenue Funds | | | | | | | |
|---|---|---|---|---|---|---|---|
| Hotel Occupancy Tax | Stormwater Drainage | PEG Fund | Grant Fund | Little Elm TIRZ #3 | Little Elm TIRZ #4 | Little Elm TIRZ #5 |
| $ 122,636 | $ 1,257,577 | $ 42,653 | $ - | $ 413,203 | $ 64,427 | $ - |
| 69,802 | 714,886 | 24,278 | - | 225,907 | 36,672 | - |
| - | - | - | - | 21,746 | - | - |
| 20,311 | 153,837 | 9,957 | - | 1,825 | 296 | - |
| - | - | - | 274,331 | - | - | - |
| - | - | - | - | - | - | - |
| $ 212,749 | $ 2,126,300 | $ 76,888 | $ 274,331 | $ 662,681 | $ 101,395 | $ - |
| $ - | $ 39,066 | $ 1,646 | $ 106,714 | $ 41,627 | $ - | $ - |
| - | 80 | - | 179,701 | - | - | 126 |
| 282 | 2,892 | 98 | - | 914 | 148 | - |
| 282 | 42,038 | 1,744 | 286,415 | 42,541 | 148 | 126 |
| 212,467 | 2,084,262 | 75,144 | - | 620,140 | 101,247 | - |
| - | - | - | (12,084) | - | - | (126) |
| 212,467 | 2,084,262 | 75,144 | (12,084) | 620,140 | 101,247 | (126) |
| $ 212,749 | $ 2,126,300 | $ 76,888 | $ 274,331 | $ 662,681 | $ 101,395 | $ - |

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**Town of Little Elm, Texas**
**Combining Balance Sheet**
**Nonmajor Governmental Funds**
**September 30, 2024**

| | Special Revenue Funds | | |
|---|---|---|---|
| | Little Elm TIRZ #6 | HWY 380 MMD | Total Nonmajor Governmental Funds |
| **Assets** | | | |
| Cash and cash equivalents | $ 5,191 | $ 129,983 | $ 3,181,940 |
| Investments | 2,954 | 73,985 | 1,800,927 |
| Receivables (net of allowances for uncollectibles): | | | |
| Taxes | - | - | 352,004 |
| Other | 24 | 598 | 192,120 |
| Due from other governments | - | - | 274,331 |
| Due from other funds | - | - | 13,847 |
| Total assets | $ 8,169 | $ 204,566 | $ 5,815,169 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | |
| **Liabilities** | | | |
| Accounts payable and other accrued liabilities | $ - | $ - | $ 240,179 |
| Due to other funds | - | - | 193,754 |
| Unearned revenue | 12 | 299 | 7,284 |
| Total liabilities | 12 | 299 | 441,217 |
| **Fund Balances (Deficit)** | | | |
| Restricted | 8,157 | 204,267 | 5,386,162 |
| Unassigned | - | - | (12,210) |
| Total fund balances (deficit) | 8,157 | 204,267 | 5,373,952 |
| Total liabilities, deferred inflows of resources and fund balances (deficit) | $ 8,169 | $ 204,566 | $ 5,815,169 |

**Town of Little Elm, Texas**
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**
**Nonmajor Governmental Funds**
**For the Year Ended September 30, 2024**

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | Special Revenue | Donations | Forfeitures | Street Maintenance |
| **Revenues** | | | | |
| Taxes | | | | |
| Property taxes, penalty, and interest | $ - | $ - | $ - | $ - |
| General sales and use taxes | - | - | - | 2,094,198 |
| Franchise taxes and other | - | - | - | - |
| Intergovernmental | 12,771 | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | 61,748 | - | 206,813 | - |
| Contributions | - | 8,750 | - | - |
| Interest | 25,357 | 4,488 | 21,068 | 43,070 |
| Other revenues | - | - | - | - |
| Total revenues | 99,876 | 13,238 | 227,881 | 2,137,268 |
| **Expenditures** | | | | |
| Current | | | | |
| General government | - | - | 2,000 | - |
| Community services | - | - | - | - |
| Public safety | 29,644 | 5,001 | 256,006 | - |
| Public works | - | - | - | 1,859,889 |
| Culture and recreation | - | 9,622 | - | - |
| Total expenditures | 29,644 | 14,623 | 258,006 | 1,859,889 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 70,232 | (1,385) | (30,125) | 277,379 |
| **Other Financing Sources (Uses)** | | | | |
| Insurance recoveries | - | - | - | - |
| Transfers out | (12,554) | - | (13,847) | - |
| Total other financing sources (uses) | (12,554) | - | (13,847) | - |
| **Net Change in Fund Balances** | 57,678 | (1,385) | (43,972) | 277,379 |
| **Fund Balances, Beginning of Year** | 448,749 | 83,003 | 316,066 | 942,960 |
| **Fund Balances (Deficit), End of Year** | $ 506,427 | $ 81,618 | $ 272,094 | $ 1,220,339 |

| Special Revenue Funds | | | | | | |
|---|---|---|---|---|---|---|
| Hotel Occupancy Tax | Stormwater Drainage | PEG Fund | Grant Fund | Little Elm TIRZ #3 | Little Elm TIRZ #4 | Little Elm TIRZ #5 |
| $ - | $ - | $ - | $ - | $ 913,315 | $ 1,054,897 | $ 1,263,938 |
| - | - | - | - | 170,306 | - | - |
| 190,432 | - | 37,037 | - | - | - | - |
| - | - | - | 993,790 | - | - | - |
| - | 781,988 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 5,879 | 99,569 | 2,643 | - | 27,978 | 29,029 | 1,002 |
| - | 24,000 | - | - | - | - | - |
| 196,311 | 905,557 | 39,680 | 993,790 | 1,111,599 | 1,083,926 | 1,264,940 |
| - | - | - | - | 558,378 | 982,679 | 1,251,958 |
| 19,038 | - | - | - | - | - | - |
| - | - | - | 1,005,874 | - | - | - |
| - | 567,960 | - | - | - | - | - |
| - | - | 9,171 | - | - | - | - |
| 19,038 | 567,960 | 9,171 | 1,005,874 | 558,378 | 982,679 | 1,251,958 |
| 177,273 | 337,597 | 30,509 | (12,084) | 553,221 | 101,247 | 12,982 |
| - | 9,242 | - | - | - | - | - |
| - | - | - | - | (150,000) | (114,391) | - |
| - | 9,242 | - | - | (150,000) | (114,391) | - |
| 177,273 | 346,839 | 30,509 | (12,084) | 403,221 | (13,144) | 12,982 |
| 35,194 | 1,737,423 | 44,635 | - | 216,919 | 114,391 | (13,108) |
| $ 212,467 | $ 2,084,262 | $ 75,144 | $ (12,084) | $ 620,140 | $ 101,247 | $ (126) |

**Town of Little Elm, Texas**
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**
**Nonmajor Governmental Funds**
**For the Year Ended September 30, 2024**

| | Special Revenue Funds | | |
|---|---|---|---|
| | Little Elm TIRZ #6 | HWY 380 MMD | Total Nonmajor Governmental Funds |
| **Revenues** | | | |
| Taxes | | | |
| Property taxes, penalty, and interest | $ 237,705 | $ 61,773 | $ 3,531,628 |
| General sales and use taxes | - | - | 2,264,504 |
| Franchise taxes and other | - | - | 227,469 |
| Intergovernmental | - | - | 1,006,561 |
| Charges for services | - | - | 781,988 |
| Fines and forfeitures | - | - | 268,561 |
| Contributions | - | - | 8,750 |
| Interest | 6,100 | 7,832 | 274,015 |
| Other revenues | - | - | 24,000 |
| Total revenues | 243,805 | 69,605 | 8,387,476 |
| **Expenditures** | | | |
| Current | | | |
| General government | 235,647 | - | 3,030,662 |
| Community services | - | - | 19,038 |
| Public safety | - | - | 1,296,525 |
| Public works | - | - | 2,427,849 |
| Culture and recreation | - | - | 18,793 |
| Total expenditures | 235,647 | - | 6,792,867 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 8,158 | 69,605 | 1,594,609 |
| **Other Financing Sources (Uses)** | | | |
| Insurance recoveries | - | - | 9,242 |
| Transfers out | (11,295) | - | (302,087) |
| Total other financing sources (uses) | (11,295) | - | (292,845) |
| **Net Change in Fund Balances** | (3,137) | 69,605 | 1,301,764 |
| **Fund Balances, Beginning of Year** | 11,294 | 134,662 | 4,072,188 |
| **Fund Balances (Deficit), End of Year** | $ 8,157 | $ 204,267 | $ 5,373,952 |

**Town of Little Elm, Texas**
**Budgetary Comparison Schedule (GAAP Basis)**
**Special Revenue**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Intergovernmental | $ 4,100 | $ 4,100 | $ 12,771 | $ 8,671 |
| Fines and forfeitures | 54,750 | 54,750 | 61,748 | 6,998 |
| Interest | 3,000 | 3,000 | 25,357 | 22,357 |
| Total revenues | 61,850 | 61,850 | 99,876 | 38,026 |
| **Expenditures** | | | | |
| Public safety | 58,650 | 58,650 | 29,644 | 29,006 |
| Total expenditures | 58,650 | 58,650 | 29,644 | 29,006 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 3,200 | 3,200 | 70,232 | 67,032 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers out | (12,500) | (12,500) | (12,554) | (54) |
| Total other financing sources (uses) | (12,500) | (12,500) | (12,554) | (54) |
| **Net Change in Fund Balances (Deficit)** | (9,300) | (9,300) | 57,678 | 66,978 |
| **Fund Balances (Deficit), Beginning of Year** | 448,749 | 448,749 | 448,749 | - |
| **Fund Balances (Deficit), End of Year** | $ 439,449 | $ 439,449 | $ 506,427 | $ 66,978 |

**Town of Little Elm, Texas**
**Budgetary Comparison Schedule (GAAP Basis)**
**Donations Fund**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Contributions | $ 10,000 | $ 10,000 | $ 8,750 | $ (1,250) |
| Interest | 500 | 500 | 4,488 | 3,988 |
| Total revenues | 10,500 | 10,500 | 13,238 | 2,738 |
| **Expenditures** | | | | |
| Current: | | | | |
| Public safety | 6,500 | 6,500 | 5,001 | 1,499 |
| Culture and recreation | 15,000 | 20,099 | 9,622 | 10,477 |
| Total expenditures | 21,500 | 26,599 | 14,623 | 11,976 |
| **Net Change in Fund Balances (Deficit)** | (11,000) | (16,099) | (1,385) | 14,714 |
| **Fund Balances (Deficit), Beginning of Year** | 83,003 | 83,003 | 83,003 | - |
| **Fund Balances (Deficit), End of Year** | $ 72,003 | $ 66,904 | $ 81,618 | $ 14,714 |

**Town of Little Elm, Texas**
**Budgetary Comparison Schedule (GAAP Basis)**
**Forfeitures Fund**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Fines and forfeitures | $ 206,813 | $ 206,813 | $ 206,813 | $ - |
| Interest | - | - | 21,068 | 21,068 |
| Total revenues | 206,813 | 206,813 | 227,881 | 21,068 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | 2,000 | 2,000 | 2,000 | - |
| Public safety | 269,852 | 269,852 | 256,006 | 13,846 |
| Total expenditures | 271,852 | 271,852 | 258,006 | 13,846 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | (65,039) | (65,039) | (30,125) | 34,914 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers out | - | - | (13,847) | (13,847) |
| Total other financing sources (uses) | - | - | (13,847) | (13,847) |
| **Net Change in Fund Balances (Deficit)** | (65,039) | (65,039) | (43,972) | 21,067 |
| **Fund Balances (Deficit), Beginning of Year** | 316,066 | 316,066 | 316,066 | - |
| **Fund Balances (Deficit), End of Year** | $ 251,027 | $ 251,027 | $ 272,094 | $ 21,067 |

**Town of Little Elm, Texas**
**Budgetary Comparison Schedule (GAAP Basis)**
**Street Maintenance Fund**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes: | | | | |
| General sales and use taxes | $ 1,804,465 | $ 1,804,465 | $ 2,094,198 | $ 289,733 |
| Interest | 75,000 | 75,000 | 43,070 | (31,930) |
| Total revenues | 1,879,465 | 1,879,465 | 2,137,268 | 257,803 |
| **Expenditures** | | | | |
| Current: | | | | |
| Public works | 1,850,000 | 1,866,805 | 1,859,889 | 6,916 |
| Total expenditures | 1,850,000 | 1,866,805 | 1,859,889 | 6,916 |
| **Net Change in Fund Balances (Deficit)** | 29,465 | 12,660 | 277,379 | 264,719 |
| **Fund Balances (Deficit), Beginning of Year** | 942,960 | 942,960 | 942,960 | - |
| **Fund Balances (Deficit), End of Year** | $ 972,425 | $ 955,620 | $ 1,220,339 | $ 264,719 |

**Town of Little Elm, Texas**
**Budgetary Comparison Schedule (GAAP Basis)**
**Hotel Occupancy Tax Fund**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes: | | | | |
| Franchise taxes and other | $ 213,219 | $ 213,219 | $ 190,432 | $ (22,787) |
| Interest | 500 | 500 | 5,879 | 5,379 |
| Total revenues | 213,719 | 213,719 | 196,311 | (17,408) |
| **Expenditures** | | | | |
| Current: | | | | |
| Community services | 7,000 | 32,000 | 19,038 | 12,962 |
| Total expenditures | 7,000 | 32,000 | 19,038 | 12,962 |
| **Net Change in Fund Balances (Deficit)** | 206,719 | 181,719 | 177,273 | (4,446) |
| **Fund Balances (Deficit), Beginning of Year** | 35,194 | 35,194 | 35,194 | - |
| **Fund Balances (Deficit), End of Year** | $ 241,913 | $ 216,913 | $ 212,467 | $ (4,446) |

**Town of Little Elm, Texas**
**Budgetary Comparison Schedule (GAAP Basis)**
**Stormwater Drainage Fund**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Charges for services | $ 768,000 | $ 768,000 | $ 781,988 | $ 13,988 |
| Interest | 50,000 | 50,000 | 99,569 | 49,569 |
| Other revenues | - | - | 24,000 | 24,000 |
| Total revenues | 818,000 | 818,000 | 905,557 | 87,557 |
| **Expenditures** | | | | |
| Current: | | | | |
| Public works | 557,859 | 557,859 | 567,960 | (10,101) |
| Capital outlay | 56,556 | 56,556 | - | 56,556 |
| Total expenditures | 614,415 | 614,415 | 567,960 | 46,455 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 203,585 | 203,585 | 337,597 | 134,012 |
| **Other Financing Sources (Uses)** | | | | |
| Insurance recoveries | - | - | 9,242 | 9,242 |
| Transfers out | (52,576) | (52,576) | - | 52,576 |
| Total other financing sources (uses) | (52,576) | (52,576) | 9,242 | 61,818 |
| **Net Change in Fund Balances (Deficit)** | 151,009 | 151,009 | 346,839 | 195,830 |
| **Fund Balances (Deficit), Beginning of Year** | 1,737,423 | 1,737,423 | 1,737,423 | - |
| **Fund Balances (Deficit), End of Year** | $ 1,888,432 | $ 1,888,432 | $ 2,084,262 | $ 195,830 |

**Town of Little Elm, Texas**
**Budgetary Comparison Schedule (GAAP Basis)**
**PEG Fund**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes: | | | | |
| Franchise taxes and other | $ 30,000 | $ 30,000 | $ 37,037 | $ 7,037 |
| Interest | 500 | 500 | 2,643 | 2,143 |
| Total revenues | 30,500 | 30,500 | 39,680 | 9,180 |
| **Expenditures** | | | | |
| Culture and recreation | 30,000 | 30,000 | 9,171 | 20,829 |
| Total expenditures | 30,000 | 30,000 | 9,171 | 20,829 |
| **Net Change in Fund Balances (Deficit)** | 500 | 500 | 30,509 | 30,009 |
| **Fund Balances (Deficit), Beginning of Year** | 44,635 | 44,635 | 44,635 | - |
| **Fund Balances (Deficit), End of Year** | $ 45,135 | $ 45,135 | $ 75,144 | $ 30,009 |

**Town of Little Elm, Texas**
**Budgetary Comparison Schedule (GAAP Basis)**
**Grant Fund**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Intergovernmental | $ 1,724,162 | $ 1,724,162 | $ 993,790 | $ (730,372) |
| Total revenues | 1,724,162 | 1,724,162 | 993,790 | (730,372) |
| **Expenditures** | | | | |
| Public safety | 1,042,874 | 1,042,874 | 1,005,874 | 37,000 |
| Total expenditures | 1,042,874 | 1,042,874 | 1,005,874 | 37,000 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 681,288 | 681,288 | (12,084) | (693,372) |
| **Other Financing Sources (Uses)** | | | | |
| Transfers out | (681,288) | (681,288) | - | 681,288 |
| Total other financing sources (uses) | (681,288) | (681,288) | - | 681,288 |
| **Net Change in Fund Balances (Deficit)** | - | - | (12,084) | (12,084) |
| **Fund Balances (Deficit), Beginning of Year** | - | - | - | - |
| **Fund Balances (Deficit), End of Year** | $ - | $ - | $ (12,084) | $ (12,084) |

**Town of Little Elm, Texas**
**Budgetary Comparison Schedule (GAAP Basis)**
**Little Elm TIRZ #3**
**For the Year Ended September 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes: | | | | |
| Property taxes, penalty, and interest | $ 906,252 | $ 906,252 | $ 913,315 | $ 7,063 |
| General sales and use taxes | 154,328 | 154,328 | 170,306 | 15,978 |
| Interest | 36,500 | 36,500 | 27,978 | (8,522) |
| Total revenues | 1,097,080 | 1,097,080 | 1,111,599 | 14,519 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | 595,280 | 639,030 | 558,378 | 80,652 |
| Capital outlay | 85,920 | 85,920 | - | 85,920 |
| Total expenditures | 681,200 | 724,950 | 558,378 | 166,572 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 415,880 | 372,130 | 553,221 | 181,091 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers out | (150,000) | (150,000) | (150,000) | - |
| Total other financing sources (uses) | (150,000) | (150,000) | (150,000) | - |
| **Net Change in Fund Balances (Deficit)** | 265,880 | 222,130 | 403,221 | 181,091 |
| **Fund Balances (Deficit), Beginning of Year** | 216,919 | 216,919 | 216,919 | - |
| **Fund Balances (Deficit), End of Year** | $ 482,799 | $ 439,049 | $ 620,140 | $ 181,091 |

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## Discretely Presented Component Units

**Economic Development Corporation**– purpose is to promote and develop new and expanded business enterprises to promote and encourage employment in the furtherance of public welfare within the Town.

**Community Development Corporation** – purpose is to improve and expand park and recreational facilities from revenue generated through the Type 4B sales tax.

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**Town of Little Elm, Texas**
**Balance Sheet**
**Economic Development Corporation**
**September 30, 2024**

| | |
|---|---|
| **Assets** | |
| Cash and cash equivalents | $ 8,387,166 |
| Receivables | |
| Sales taxes | 660,516 |
| Leases | 2,984,804 |
| Financed purchase | 2,315,785 |
| Note receivable from primary government | 100,000 |
| Other | 26,241 |
| Total assets | $ 14,474,512 |
| **Liabilities** | |
| Accounts payable and other current liabilities | $ 222,603 |
| Total liabilities | 222,603 |
| **Deferred Inflows of Resources** | |
| Unavailable resources - note receivable | 100,000 |
| Unavailable resources - lease receivables | 3,251,193 |
| Unavailable resources - financed purchase receivable | 2,315,787 |
| Total deferred inflows of resources | 5,666,980 |
| **Fund Balances** | |
| Restricted | 8,584,929 |
| Total fund balances | 8,584,929 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 14,474,512 |

**Town of Little Elm, Texas**
**Reconciliation of the Balance Sheet**
**to the Statement of Net Position**
**Economic Development Corporation**
**September 30, 2024**

| | | |
|---|---|---|
| Total Fund Balance | $ | 8,584,929 |
| Amounts reported in the Statement of Net Position are different because: | | |
| Capital, lease, and subscription assets are not financial resources and therefore are not reported in the funds. | | 20,594,149 |
| Accrued interest debt is not reported in the funds until paid. | | (39,269) |
| Certain revenue earned but unavailable and long-term receivables are deferred in the funds. | | 2,415,787 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows: | | |
| Long-term liabilities: | | |
| Due in one year | | (1,146,017) |
| Due in more than one year | | (14,429,571) |
| Total Net Position of Economic Development Corporation | $ | 15,980,008 |

**Town of Little Elm, Texas**
**Statement of Revenues, Expenditures and Changes in Fund Balance**
**Economic Development Corporation**
**For the Year Ended September 30, 2024**

| | | |
|---|---|---|
| **Revenues** | | |
| Taxes | | |
| General sales and use taxes | $ | 4,052,597 |
| Investment income | | 265,931 |
| Other revenues | | 638,946 |
| Total revenues | $ | 4,957,474 |
| **Expenditures** | | |
| Current | | |
| General government | $ | 142,743 |
| Economic development | | 1,138,454 |
| Capital outlay | | 1,025,000 |
| Debt Service | | |
| Principal | | 1,112,768 |
| Interest and other fiscal charges | | 457,467 |
| Total expenditures | | 3,876,432 |
| **Excess of revenues over expenditures** | | 1,081,042 |
| **Other Financing Sources (Uses)** | | |
| Proceeds from sale of capital assets | $ | 133,374 |
| Loss on lease termination | | (407,110) |
| Total other financing sources (uses) | | (273,736) |
| Net change in fund balance | | 807,306 |
| **Fund Balance, Beginning of Year** | | 7,777,623 |
| **Fund Balance, End of Year** | $ | 8,584,929 |

**Town of Little Elm, Texas**
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities**
**Economic Development Corporation**
**For the Year Ended September 30, 2024**

| | | |
|---|---|---|
| Net Change in Fund Balances | $ | 807,306 |
| Amounts reported in the statement of activities are different because: | | |
| Capital assets are reported in the Statement of Net Position, but reported as an expenditure in the fund statements. This is the amount of capital asset additions for the current period. | | 1,025,000 |
| Depreciation on capital assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the funds. | | (44,910) |
| The net effect of various transactions involving capital assets (i.e. sales and contributions) is to decrease net position. | | (36,000) |
| Repayment of long-term debt, including notes payable, is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position. | | 1,112,768 |
| Financed purchase principal payment receipts are recognized as other revenues at the fund level and reductions to the receivable balance at the government-wide. | | (205,557) |
| Long-term receivables are reported in the government-wide financial statements, but receipt of payments are reported as revenue within the funds. | | (100,000) |
| Current year changes in long-term liabilities for compensated absences required the use of current financial resources; therefore they are reported as expenditures in the funds but as a reduction of the liability at the government-wide. | | 25,706 |
| Change in Net Position of Economic Development Corporation | $ | 2,584,313 |

**Town of Little Elm, Texas**
**Balance Sheet/Statement of Net Position**
**Community Development Corporation**
**September 30, 2024**

| | | |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ | 1,407,122 |
| Investments | | 807,105 |
| Receivables | | 336,780 |
| Total assets | $ | 2,551,007 |
| **Liabilities** | | |
| Accounts payable and other current liabilities | $ | 28,592 |
| Total liabilities | | 28,592 |
| **Fund Balance/Net Position** | | |
| Restricted | | 2,522,415 |
| Total fund balance/net position | | 2,522,415 |
| Total Liabilities and Fund Balance/Net Position | $ | 2,551,007 |

**Town of Little Elm, Texas**
**Statement of Revenues, Expenditures and Changes in Fund Balance/Net Position**
**Community Development Corporation**
**For the Year Ended September 30, 2024**

| | |
|---|---|
| **Revenues** | |
| Taxes | |
| General sales and use taxes | $ 2,045,539 |
| Interest | 106,946 |
| Total revenues | $ 2,152,485 |
| **Expenditures** | |
| Current: | |
| General government | $ 911,013 |
| Community development | 143,312 |
| Total expenditures | 1,054,325 |
| Net change in fund balance/net position | 1,098,160 |
| **Fund Balance/Net Position, Beginning of Year** | 1,424,255 |
| **Fund Balance/Net Position, End of Year** | $ 2,522,415 |

# Statistical Section

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**Town of Little Elm, Texas**
**Table of Contents**
**September 30, 2024**

## Statistical Section

This part of the Town of Little Elm's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

## Contents


**Financial Trends** . . . . . **A-1 to A-4**

These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

**Revenue Capacity** . . . . . **B-1 to B-5**

These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.

**Debt Capacity** . . . . . **C-1 to C-4**

These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

**Economic and Demographic Information** . . . . . **D-1 to D-2**

These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.

**Operating Information** . . . . . **E-1 to E-3**

These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides.


**Source**: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2004: tables presenting government-wide information include information beginning in that year.

**Town of Little Elm, Texas**
**Net Position by Component**
**Last Ten Fiscal Years (Unaudited)**
**(Accrual Basis of Accounting)**

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| **Governmental activities** | | | | |
| Net investment in capital assets | $ 77,934,036 | $ 89,811,757 | $ 123,244,861 | $ 123,244,861 |
| Restricted | 13,440,890 | 8,767,764 | 7,397,801 | 12,374,755 |
| Unrestricted | 5,819,571 | 9,215,510 | 25,329,679 | 20,210,367 |
| Total governmental activities net position | $ 97,194,497 | $ 107,795,031 | $ 155,972,341 | $ 155,829,983 |
| **Business-type activities** | | | | |
| Net investment in capital assets | $ 38,387,629 | $ 37,228,657 | $ 38,221,407 | $ 40,669,826 |
| Restricted | 150,598 | 1,104,061 | 2,014,670 | 2,766,515 |
| Unrestricted | 4,209,613 | 6,738,911 | 40,236,077 | 43,436,341 |
| Total business-type activities net position | $ 42,747,840 | $ 45,071,629 | $ 80,472,154 | $ 86,872,682 |
| **Primary government** | | | | |
| Net investment in capital assets | $ 116,321,665 | $ 127,040,414 | $ 161,466,268 | $ 163,914,687 |
| Restricted | 13,591,488 | 9,871,825 | 9,412,471 | 15,141,270 |
| Unrestricted | 10,029,184 | 15,954,421 | 32,296,194 | 31,589,281 |
| Total primary government net position | $ 139,942,337 | $ 152,866,660 | $ 203,174,933 | $ 210,645,238 |

Source: Annual Comprehensive Financial Report

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| $ 145,345,688 | $ 157,699,639 | $ 171,316,394 | $ 193,734,603 | $ 244,186,130 | $ 264,149,945 |
| 13,172,118 | 15,434,016 | 60,716,093 | 45,593,051 | 29,637,274 | 8,044,726 |
| 19,947,537 | 23,395,692 | 31,046,365 | 39,112,760 | 52,073,124 | 85,565,242 |
| $ 178,465,343 | $ 196,529,347 | $ 263,078,852 | $ 278,440,414 | $ 325,896,528 | $ 357,759,913 |
| $ 41,141,551 | $ 44,190,975 | $ 46,431,372 | $ 58,985,491 | $ 68,786,015 | $ 70,577,051 |
| 3,895,353 | 4,376,151 | 4,704,740 | 5,547,764 | 5,556,868 | 5,820,484 |
| 45,036,904 | 48,567,126 | 51,136,112 | 64,533,255 | 32,706,694 | 36,501,629 |
| $ 90,073,808 | $ 97,134,252 | $ 102,272,224 | $ 129,066,510 | $ 107,049,577 | $ 112,899,164 |
| $ 186,487,239 | $ 201,890,614 | $ 217,747,766 | $ 252,720,094 | $ 312,972,145 | $ 334,726,996 |
| 17,067,471 | 19,810,167 | 65,420,833 | 51,114,015 | 35,194,142 | 13,865,210 |
| 34,401,037 | 42,500,818 | 55,047,436 | 66,419,558 | 84,779,818 | 122,066,871 |
| $ 237,955,747 | $ 264,201,599 | $ 338,216,035 | $ 370,253,667 | $ 432,946,105 | $ 470,659,077 |

**Town of Little Elm, Texas**
**Changes in Net Position**
**Last Ten Fiscal Years (Unaudited)**
**(Accrual Basis of Accounting)**

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Governmental activities | | | | |
| General government | $ 6,085,289 | $ 12,830,283 | $ 7,030,639 | $ 10,282,772 |
| Community services | 2,408,167 | 2,412,674 | 2,562,510 | 2,837,652 |
| Public safety | 12,583,312 | 17,166,375 | 14,962,540 | 17,650,976 |
| Public works | 6,956,858 | 4,894,523 | 4,620,071 | 6,274,905 |
| Culture and recreation | 2,424,055 | 2,838,232 | 3,813,775 | 5,597,971 |
| Interest on long-term debt | 1,707,491 | 1,552,317 | 1,705,104 | 4,970,121 |
| Total governmental activities expenses | 32,165,172 | 41,694,404 | 34,694,639 | 47,614,397 |
| Business-type activities | | | | |
| Water and sewer | 9,597,743 | 12,813,910 | 13,091,003 | 13,442,962 |
| Solid waste | 1,732,336 | 1,797,240 | 1,885,091 | 1,937,883 |
| Total business-type activities expenses | 11,330,079 | 14,611,150 | 14,976,094 | 15,380,845 |
| Total primary government expenses | $ 43,495,251 | $ 56,305,554 | $ 49,670,733 | $ 62,995,242 |
| **Program Revenues** | | | | |
| Governmental activities | | | | |
| Charges for services and other program revenues | | | | |
| General government | $ 191,432 | $ 239,193 | $ 480,986 | $ 1,326,909 |
| Community services | 5,265,753 | 5,448,892 | 5,284,136 | 4,720,087 |
| Public safety | 1,682,570 | 2,096,745 | 2,598,197 | 2,830,765 |
| Public works | 163,616 | 999,412 | 820,186 | 1,480,153 |
| Culture and recreation | 799,635 | 845,848 | 1,312,017 | 1,615,206 |
| Operating grants and contributions | 2,330,627 | 1,888,507 | 2,486,348 | 1,909,369 |
| Capital grants and contributions | 4,480,887 | 15,400,107 | 8,269,408 | 34,764,994 |
| Total governmental activities program revenues | 14,914,520 | 26,918,704 | 21,251,278 | 48,647,483 |
| Business-type activities | | | | |
| Charges for services | | | | |
| Water and sewer | 13,023,491 | 14,156,856 | 15,381,528 | 17,754,577 |
| Solid waste | 2,157,342 | 2,247,375 | 2,329,542 | 2,394,909 |
| Operating grants and contributions | 23,964 | - | 50 | 194,520 |
| Capital grants and contributions | 3,593,256 | 2,387,592 | 1,363,346 | 2,224,101 |
| Total business-type activities program revenues | 18,798,053 | 18,791,823 | 19,074,466 | 22,568,107 |
| Total primary government program revenues | $ 33,712,573 | $ 45,710,527 | $ 40,325,744 | $ 71,215,590 |
| **Net (Expense)/Revenue** | | | | |
| Governmental activities | $ (2,625,299) | $ (14,775,700) | $ (13,443,361) | $ 1,033,086 |
| Business-type activities | 5,839,580 | 4,180,673 | 4,098,372 | 7,187,262 |
| Total primary government net expense | $ 3,214,281 | $ (10,595,027) | $ (9,344,989) | $ 8,220,348 |

**Source:** Annual Comprehensive Financial Report

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| $ 8,443,749 | $ 6,028,316 | $ 12,236,888 | $ 11,340,090 | $ 10,892,954 | $ 13,809,167 |
| 2,948,714 | 3,072,109 | 3,224,276 | 3,863,583 | 4,472,775 | 4,670,995 |
| 18,514,472 | 21,585,797 | 25,324,342 | 25,905,436 | 35,635,979 | 36,807,578 |
| 8,392,911 | 7,500,282 | 9,051,190 | 7,542,098 | 10,587,808 | 13,951,578 |
| 5,884,721 | 6,223,043 | 8,034,076 | 8,000,800 | 10,794,712 | 11,305,015 |
| 3,244,002 | 1,961,911 | 1,684,428 | 2,258,043 | (55,101) | 3,531,579 |
| 47,428,569 | 46,371,458 | 59,555,200 | 58,910,050 | 72,329,127 | 84,075,912 |
| 13,401,840 | 13,570,792 | 14,115,471 | 15,915,334 | 17,277,567 | 20,598,666 |
| 2,061,254 | 2,345,983 | 2,580,141 | 2,751,070 | 3,001,660 | 3,270,261 |
| 15,463,094 | 15,916,775 | 16,695,612 | 18,666,404 | 20,279,227 | 23,868,927 |
| $ 62,891,663 | $ 62,288,233 | $ 76,250,812 | $ 77,576,454 | $ 92,608,354 | $ 107,944,839 |
| $ 81,933 | $ 146,117 | $ 202,503 | $ 364,807 | $ 2,173,851 | $ 3,057,443 |
| 4,045,264 | 4,352,645 | 7,697,199 | 5,281,100 | 5,357,997 | 7,698,675 |
| 3,702,971 | 3,663,496 | 3,562,529 | 2,303,888 | 2,184,546 | 9,695,255 |
| 1,775,903 | 1,785,248 | 2,690,593 | 1,209,347 | 25,935 | - |
| 1,663,191 | 1,150,886 | 4,263,087 | 4,996,460 | 5,565,911 | 5,824,861 |
| 741,359 | 4,403,463 | 3,830,214 | 7,048,990 | 13,750,476 | 1,513,766 |
| 20,308,931 | 8,561,351 | 61,971,547 | 16,933,233 | 34,477,287 | 23,431,655 |
| 32,319,552 | 24,063,206 | 84,217,672 | 38,137,825 | 63,536,003 | 51,221,655 |
| 18,144,028 | 19,036,780 | 19,243,512 | 21,588,921 | 22,865,149 | 21,239,466 |
| 2,524,859 | 2,834,435 | 3,110,319 | 3,334,622 | 3,535,375 | 4,133,284 |
| 3,750 | 288,564 | - | - | - | - |
| 1,128,838 | 3,695,752 | 3,520,701 | 1,296,399 | 3,984,868 | 2,063,667 |
| 21,801,475 | 25,855,531 | 25,874,532 | 26,219,942 | 30,385,392 | 27,436,417 |
| $ 54,121,027 | $ 49,918,737 | $ 110,092,204 | $ 64,357,767 | $ 93,921,395 | $ 78,658,072 |
| $ (15,109,017) | $ (22,308,252) | $ 24,662,472 | $ (20,772,225) | $ (8,793,124) | $ (32,854,257) |
| 6,338,381 | 9,938,756 | 9,178,920 | 7,553,538 | 10,106,165 | 3,567,490 |
| $ (8,770,636) | $ (12,369,496) | $ 33,841,392 | $ (13,218,687) | $ 1,313,041 | $ (29,286,767) |

**Town of Little Elm, Texas**
**Changes in Net Position**
**Last Ten Fiscal Years (Unaudited)**
**(Accrual Basis of Accounting)**

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| **General Revenues and Other Changes in Net Position** | | | | |
| Governmental activities | | | | |
| Taxes | | | | |
| Property taxes | $ 11,851,416 | $ 16,001,132 | $ 18,817,352 | $ 21,827,298 |
| Sales & other taxes | 4,843,855 | 6,075,610 | 6,437,432 | 7,220,842 |
| Grants not restricted to specific programs | - | - | - | - |
| Unrestricted investment earnings | 156,577 | 222,137 | 291,461 | 628,922 |
| Gains on sale of assets | 18,171 | 252,717 | 19,709 | - |
| Miscellaneous | 1,158,653 | 681,078 | 2,326,196 | 751,830 |
| Transfers | 1,697,504 | 2,042,935 | 2,297,150 | 57,640 |
| Total governmental activities | 19,726,176 | 25,275,609 | 30,189,300 | 30,486,532 |
| Business-type activities | | | | |
| Taxes | 106,872 | 110,588 | 114,365 | 123,504 |
| Unrestricted investment earnings | 44,010 | 75,463 | 151,282 | 307,881 |
| Gains on sale of assets | 7,214 | - | 21,711 | 15,864 |
| Miscellaneous | - | - | 42,383 | 59,830 |
| Transfers | (1,697,504) | (2,042,935) | (2,297,150) | (57,640) |
| Total business-type activities | (1,539,408) | (1,856,884) | (1,967,409) | 449,439 |
| Total primary government | $ 18,186,768 | $ 23,418,725 | $ 28,221,891 | $ 30,935,971 |
| **Changes in Net Position** | | | | |
| Governmental activities | $ 17,100,877 | $ 10,499,909 | $ 16,745,939 | $ 31,519,618 |
| Business-type activities | 7,142,863 | 2,323,789 | 2,130,963 | 7,636,701 |
| Total primary government | $ 24,243,740 | $ 12,823,698 | $ 18,876,902 | $ 39,156,319 |

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| $ 24,654,126 | $ 27,474,111 | $ 28,852,488 | $ 31,503,691 | $ 38,361,923 | $ 42,342,937 |
| 7,549,289 | 8,466,994 | 9,538,367 | 11,468,601 | 12,174,607 | 13,404,621 |
| - | - | - | - | 1,869,781 | 644,351 |
| 1,456,551 | 999,944 | 373,282 | 530,582 | 5,901,906 | 6,902,323 |
| 108,592 | 12,422 | 604,039 | 1,268,703 | 278,957 | 62,708 |
| 1,648,669 | 1,052,785 | 142,857 | 164,286 | 353,848 | 1,061,550 |
| 2,327,150 | 2,366,000 | 2,376,000 | (8,802,076) | (2,691,784) | 299,152 |
| 37,744,377 | 40,372,256 | 41,887,033 | 36,133,787 | 56,249,238 | 64,717,642 |
| 150,895 | 173,375 | 187,207 | 215,412 | 251,024 | - |
| 472,431 | 426,620 | 228,569 | 120,484 | 2,145,139 | 2,530,314 |
| 15,456 | - | - | 11,360 | 15,412 | - |
| 25,136 | 9,007 | 246,235 | - | - | 50,935 |
| (2,327,150) | (2,366,000) | (2,376,000) | 8,802,076 | 2,691,784 | (299,152) |
| (1,663,232) | (1,756,998) | (1,713,989) | 9,149,332 | 5,103,359 | 2,282,097 |
| $ 36,081,145 | $ 38,615,258 | $ 40,173,044 | $ 45,283,119 | $ 61,352,597 | $ 66,999,739 |
| $ 22,635,360 | $ 18,064,004 | $ 66,549,505 | $ 15,361,562 | $ 47,456,114 | $ 31,863,385 |
| 4,675,149 | 8,181,758 | 7,464,931 | 16,702,870 | 15,209,524 | 5,849,587 |
| $ 27,310,509 | $ 26,245,762 | $ 74,014,436 | $ 32,064,432 | $ 62,665,638 | $ 37,712,972 |

**Town of Little Elm, Texas**
**Fund Balances, Governmental Funds**
**Last Ten Fiscal Years (Unaudited)**
**(Accrual Basis of Accounting)**

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| **General Fund** | | | | |
| Nonspendable (A) | $ 265,038 | $ 299,425 | $ 313,699 | $ 64,544 |
| Assigned | - | - | - | - |
| Unassigned | 6,700,923 | 11,028,718 | 15,660,796 | 21,148,258 |
| Total general fund | $ 6,965,961 | $ 11,328,143 | $ 15,974,495 | $ 21,212,802 |
| **All Other Governmental Funds** | | | | |
| Nonspendable (A) | $ - | $ 123,522 | $ - | $ - |
| Restricted | 10,883,984 | 17,206,729 | 11,292,937 | 28,677,341 |
| Committed | 1,644,874 | 1,153,748 | 409,582 | 751,574 |
| Assigned | - | - | - | - |
| Unassigned | - | - | (6,306) | (142,458) |
| Total all other government funds | $ 12,528,858 | $ 18,483,999 | $ 11,696,213 | $ 29,286,457 |

**Sources:** Annual Comprehensive Financial Report
**Notes:** (A) Includes inventory and prepaid

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| $ 60,914 | $ 81,691 | $ 124,772 | $ 213,054 | $ 132,291 | $ 162,590 |
| - | - | - | - | - | - |
| 21,312,934 | 25,515,797 | 33,039,775 | 41,157,273 | 48,512,833 | 56,764,477 |
| $ 21,373,848 | $ 25,597,488 | $ 33,164,547 | $ 41,370,327 | $ 48,645,124 | $ 56,927,067 |
| $ - | $ 743 | $ - | $ 50 | $ 250 | $ 88,338 |
| 32,482,359 | 22,668,693 | 77,720,015 | 69,759,650 | 54,941,261 | 26,244,479 |
| 1,674,909 | 1,271,178 | - | - | - | 334,138 |
| - | - | - | - | - | 24,152,353 |
| - | - | (1,641) | - | (13,108) | (12,210) |
| $ 34,157,268 | $ 23,940,614 | $ 77,718,374 | $ 69,759,700 | $ 54,928,403 | $ 50,807,098 |

**Town of Little Elm, Texas**
**Changes in Fund Balances, Governmental Funds**
**Last Ten Fiscal Years (Unaudited)**
**(Modified Accrual Basis of Accounting)**

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes, penalties and interest | $ 13,912,222 | $ 16,210,647 | $ 18,796,064 | $ 21,863,934 |
| Sales tax | 3,540,489 | 4,010,218 | 4,303,543 | 4,881,118 |
| Franchise and other taxes | 2,100,586 | 2,065,392 | 2,133,889 | 2,339,724 |
| Licenses and permits | 4,009,517 | 5,161,638 | 4,743,132 | 4,627,259 |
| Intergovernmental revenue and grants | 2,630,400 | 2,252,406 | 4,365,912 | 1,638,166 |
| Charges for services | 2,765,194 | 3,098,936 | 3,982,077 | 4,562,866 |
| Impact fees | 1,722,581 | 499,168 | 754,659 | 592,384 |
| Fines and forfeitures | 886,617 | 856,897 | 1,055,079 | 1,188,762 |
| Contributions | 1,254,495 | 3,900,214 | 3,408,072 | 24,160,636 |
| Interest earnings | 131,666 | 209,291 | 272,668 | 591,988 |
| Other revenue | 764,579 | 726,869 | 813,755 | 662,659 |
| Total revenues | 33,718,346 | 38,991,676 | 44,628,850 | 67,109,496 |
| **Expenditures** | | | | |
| General government | 5,795,226 | 4,009,920 | 4,273,199 | 10,268,332 |
| Community services | 2,408,167 | 2,917,957 | 2,563,865 | 2,837,652 |
| Public safety | 10,668,379 | 11,425,793 | 13,861,595 | 16,770,953 |
| Public works | 3,225,270 | 4,141,315 | 3,179,415 | 3,727,511 |
| Culture and recreation | 2,947,604 | 3,177,221 | 3,574,826 | 3,975,192 |
| Debt service: | | | | |
| Principal | 2,499,432 | 2,825,254 | 3,291,897 | 3,593,540 |
| Interest and other charges | 1,654,972 | 1,865,298 | 1,784,447 | 1,742,079 |
| Other debt service costs | - | 597,105 | - | 3,240,426 |
| Capital outlay | 14,197,333 | 10,029,564 | 17,686,821 | 16,876,441 |
| Total Expenditures | 43,396,383 | 40,989,427 | 50,216,065 | 63,032,126 |
| **Excess of revenues over (under) expenditures** | (9,678,037) | (1,997,751) | (5,587,215) | 4,077,370 |
| **Other Financing Sources (Uses)** | | | | |
| Bonds/notes issued | 1,990,000 | 16,380,000 | - | 15,460,000 |
| Sale of capital assets | 23,500 | 252,717 | 31,663 | 103,668 |
| Capital lease obligations issued | 104,957 | - | - | - |
| Leases issued | - | - | - | - |
| Subscriptions issued | - | - | - | - |
| Insurance recoveries | - | - | 1,016,343 | 321,485 |
| Premium on bonds issued | - | 787,923 | - | 766,813 |
| Payment to refunded bond escrow agent | - | (7,148,501) | - | - |
| Transfer from other funds | 4,209,821 | 2,743,996 | 4,421,619 | 4,640,598 |
| Transfer to other funds | (3,834,711) | (701,061) | (2,124,469) | (2,541,373) |
| Total other financing sources (uses) | 2,493,567 | 12,315,074 | 3,345,156 | 18,751,191 |
| **Net change in fund balance** | $ (7,184,470) | $ 10,317,323 | $ (2,242,059) | $ 22,828,561 |
| Debt service as a percentage of noncapital expenditures | 13.6% | 14.1% | 15.7% | 11.9% |

Source: Annual Comprehensive Financial Report

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| $ 24,655,979 | $ 27,356,975 | $ 28,897,058 | $ 31,513,179 | $ 38,211,734 | $ 42,384,426 |
| 5,278,231 | 6,201,247 | 7,258,930 | 8,820,224 | 9,337,839 | 10,483,808 |
| 2,271,058 | 2,265,747 | 2,279,437 | 2,648,377 | 2,821,769 | 2,920,813 |
| 4,325,422 | 4,783,505 | 8,618,191 | 4,606,232 | 4,555,088 | 8,134,313 |
| 3,195,962 | 6,168,970 | 8,309,427 | 11,944,750 | 12,720,595 | 9,895,132 |
| 5,020,158 | 4,329,841 | 7,172,423 | 7,886,238 | 8,975,170 | 9,957,617 |
| 738,079 | 620,170 | 1,611,378 | 567,432 | 376,362 | 346,805 |
| 1,180,796 | 907,125 | 1,724,383 | 1,094,483 | 1,450,888 | 1,072,808 |
| 5,596,739 | 2,369,847 | 47,803,383 | 11,955,694 | 17,070,630 | 9,795,652 |
| 1,389,624 | 941,866 | 343,751 | 526,808 | 5,637,403 | 6,455,725 |
| 572,364 | 577,148 | 813,866 | 1,285,761 | 284,673 | 464,496 |
| 54,224,412 | 56,522,441 | 114,832,227 | 82,849,178 | 101,442,151 | 101,911,595 |
| 6,607,780 | 5,140,370 | 11,946,544 | 11,912,452 | 10,536,657 | 14,006,912 |
| 3,004,065 | 3,107,016 | 3,231,570 | 3,866,238 | 3,933,585 | 4,681,814 |
| 18,646,409 | 21,100,611 | 24,064,560 | 25,685,458 | 29,753,293 | 32,060,890 |
| 5,278,146 | 3,994,842 | 4,442,969 | 5,238,260 | 5,728,479 | 9,362,344 |
| 4,330,942 | 4,359,830 | 5,664,620 | 7,018,993 | 8,865,583 | 8,890,705 |
| 5,001,002 | 5,620,395 | 4,460,000 | 4,670,000 | 5,977,651 | 6,429,495 |
| 2,011,943 | 2,038,797 | 1,731,358 | 2,062,810 | 2,202,531 | 2,684,180 |
| 1,370,615 | 193,021 | 181,340 | 644,301 | 4,499 | 560,601 |
| 12,981,218 | 23,944,854 | 15,527,184 | 23,070,226 | 39,823,593 | 28,578,265 |
| 59,232,120 | 69,499,736 | 71,250,145 | 84,168,738 | 106,825,871 | 107,255,206 |
| (5,007,708) | (12,977,295) | 43,582,082 | (1,319,560) | (5,383,720) | (5,343,611) |
| 13,960,000 | 9,645,000 | 13,605,000 | 9,560,000 | - | 6,515,000 |
| 142,943 | - | 46,041 | 5,097 | 49,643 | 11,531 |
| - | - | - | - | - | - |
| - | - | - | 17,058 | 115,798 | 1,479,256 |
| - | - | - | - | - | 62,186 |
| 426,578 | 146,328 | 159,356 | 171,074 | 353,563 | 597,054 |
| 1,061,382 | 303,844 | 1,576,340 | 615,513 | - | 540,070 |
| (7,878,498) | (5,476,891) | - | - | - | - |
| 5,520,135 | 6,973,851 | 8,725,235 | 5,528,475 | 7,511,326 | 6,103,739 |
| (3,192,985) | (4,607,851) | (6,349,235) | (14,330,551) | (10,203,110) | (5,804,587) |
| 10,039,555 | 6,984,281 | 17,762,737 | 1,566,666 | (2,172,780) | 9,504,249 |
| $ 5,031,847 | $ (5,993,014) | $ 61,344,819 | $ 247,106 | $ (7,556,500) | $ 4,160,638 |
| 15.1% | 12.9% | 10.8% | 10.5% | 12.2% | 11.6% |

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**Town of Little Elm**
**Appraised Value of Property**
**Last Ten Fiscal Years (Unaudited)**

| Fiscal Year | Market Valuation | | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|---|---|---|---|---|---|
| | Real Property | Personal Property | | | |
| 2015 | $ 2,107,295,778 | $ 71,348,481 | $ 226,256,365 | $ 1,952,387,894 | 0.66497 |
| 2016 | 2,653,573,290 | 82,618,591 | 312,314,526 | 2,423,877,355 | 0.66169 |
| 2017 | 3,124,111,734 | 81,122,761 | 339,178,385 | 2,866,056,110 | 0.66169 |
| 2018 | 3,633,597,800 | 99,219,245 | 363,504,268 | 3,369,312,777 | 0.65767 |
| 2019 | 4,165,315,692 | 100,211,706 | 361,702,600 | 3,903,824,798 | 0.64990 |
| 2020 | 4,646,921,748 | 109,987,311 | 368,020,704 | 4,388,888,355 | 0.64990 |
| 2021 | 4,873,039,686 | 114,727,034 | 292,826,249 | 4,694,940,471 | 0.64970 |
| 2022 | 5,431,892,705 | 124,099,690 | 345,803,981 | 5,210,188,414 | 0.64395 |
| 2023 | 7,242,618,997 | 144,828,309 | 969,879,851 | 6,417,567,455 | 0.62990 |
| 2024 | 9,204,460,550 | 200,912,203 | 1,494,525,634 | 7,910,847,119 | 0.58990 |

Source: Denton County Appraisal District

**Town of Little Elm, Texas**
**Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)**
**Last Ten Fiscal Years (Unaudited)**

| | Town Direct Rate | | | Overlapping Rates (A) | | |
|---|---|---|---|---|---|---|
| Fiscal Year | Operating Rate | Debt Service Rate | Total Town Rate | Little Elm Independent School District- LEISD | Frisco Independent School District - FISD | Denton Independent School District - DISD |
| 2015 | 0.47715 | 0.18782 | 0.66497 | 1.54000 | 1.46000 | 1.54000 |
| 2016 | 0.47760 | 0.18409 | 0.66169 | 1.54000 | 1.46000 | 1.54000 |
| 2017 | 0.49573 | 0.16596 | 0.66169 | 1.54000 | 1.46000 | 1.54000 |
| 2018 | 0.48519 | 0.17248 | 0.65767 | 1.54000 | 1.46000 | 1.54000 |
| 2019 | 0.47943 | 0.17047 | 0.64990 | 1.64000 | 1.44000 | 1.54000 |
| 2020 | 0.49587 | 0.15403 | 0.64990 | 1.53830 | 1.33830 | 1.47000 |
| 2021 | 0.52000 | 0.12970 | 0.64970 | 1.49360 | 1.31020 | 1.40760 |
| 2022 | 0.52404 | 0.11991 | 0.64395 | 1.43030 | 1.26720 | 1.36200 |
| 2023 | 0.48642 | 0.14348 | 0.62990 | 1.41290 | 1.21290 | 1.34460 |
| 2024 | 0.44010 | 0.14981 | 0.58990 | 1.22750 | 1.02750 | 1.15920 |

(A) Overlapping rates are those of local and county governments that apply to property owners within the Town of Little Elm. A typical property tax bill would consist of the Town, School District, and County taxes.

**Source:** Town of Little Elm, Denton County, Little Elm ISD, Frisco ISD, and Denton ISD

**Note:** Tax rates are applied on each $100 of assessed value and are levied on 100% of assessed value.

| Overlapping Rates (A) | | | |
|---|---|---|---|
| Denton County | Total Direct and Overlapping Rates - LEISD | Total Direct and Overlapping Rates - FISD | Total Direct and Overlapping Rates - DISD |
| 0.27220 | 2.47717 | 2.39717 | 2.47717 |
| 0.26200 | 2.46369 | 2.38369 | 2.46369 |
| 0.26200 | 2.46369 | 2.38369 | 2.46369 |
| 0.23781 | 2.43548 | 2.35548 | 2.43548 |
| 0.22557 | 2.51547 | 2.31547 | 2.41547 |
| 0.22528 | 2.41348 | 2.21348 | 2.34518 |
| 0.22499 | 2.36829 | 2.18489 | 2.28229 |
| 0.23309 | 2.30733 | 2.14423 | 2.23903 |
| 0.21754 | 2.26034 | 2.06034 | 2.19204 |
| 0.18949 | 2.00689 | 1.80689 | 1.93859 |

**Town of Little Elm, Texas**
**Principal Property Tax Payers**
**Current Year and Nine Years Ago (Unaudited)**

| Taxpayer | FY 2024 (2023 Certified Tax Roll) Taxable Assessed Value | Percentage of Total Town Taxable Assessed Value |
|---|---|---|
| Orion Lakeside LLC | $ 97,000,000 | 1.23% |
| 4 Corners AL, LP | 91,000,000 | 1.15% |
| BVF-V Souvenir 380 LLC | 90,631,000 | 1.15% |
| Bell Fund VI Frisco LLC | 76,066,000 | 0.96% |
| BSR Overlook Apartments LLC | 71,359,000 | 0.90% |
| Retractable Technologies INC | 70,497,275 | 0.89% |
| Centennial Luxe LP | 65,000,000 | 0.82% |
| The Landing at Little Elm Apartments LCC | 64,000,000 | 0.81% |
| Union House LP | 47,108,000 | 0.60% |
| Palladium USA | 44,536,147 | 0.56% |
| Total | $ 717,197,422 | 9.07% |
| Total Assessed Valuation | $ 7,910,847,119 | 100.00% |

| Taxpayer | FY 2015 (2014 Certified Tax Roll) Taxable Assessed Value | Percentage of Total Town Taxable Assessed Value |
|---|---|---|
| Western Rim Investors 2011-5 LP | $ 28,705,827 | 1.47% |
| LETC Dunhill LLC | 23,750,000 | 1.22% |
| BRE MF FRISCO LLC | 18,092,079 | 0.93% |
| Retractable Technologies INC | 17,247,765 | 0.88% |
| Kroger Texas LP | 13,642,813 | 0.70% |
| Eldorado Village LLC | 9,700,000 | 0.50% |
| GCRE/TX Main Marketplace LLC & LCAR Main Market LLC | 7,413,606 | 0.38% |
| OHC/Little Elm LTD | 6,500,000 | 0.33% |
| CoServ Electric Co Op | 6,261,840 | 0.32% |
| The Kroger Company | 6,054,642 | 0.31% |
| Total | $ 137,368,572 | 7.04% |
| Total Assessed Valuation | $ 1,952,387,894 | 100% |

**Source:** Denton Central Appraisal District.

**Note:** Property is assessed as of January 1 and certified to the town by July 25 for taxable values.

**Town of Little Elm, Texas**
**Property Tax Levies and Collections**
**Last Ten Fiscal Years (Unaudited)**

| Fiscal Year | Total Tax Levy (1) | Collected within the Fiscal Year of the Levy | | Collections & Adjustments in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2015 | $ 13,629,127 | $ 13,581,388 | 99.65% | $ 38,774 | $ 13,620,162 | 99.93% |
| 2016 | 15,848,795 | 15,812,201 | 99.77% | 23,339 | 15,835,540 | 99.92% |
| 2017 | 18,694,955 | 18,616,309 | 99.58% | 68,084 | 18,684,393 | 99.94% |
| 2018 | 21,819,292 | 21,774,594 | 99.80% | 61,488 | 21,836,082 | 100.08% |
| 2019 | 24,976,789 | 24,904,762 | 99.71% | 103,618 | 25,008,380 | 100.13% |
| 2020 | 28,077,721 | 27,999,271 | 99.72% | 54,473 | 28,053,744 | 99.91% |
| 2021 | 29,718,306 | 29,593,236 | 99.58% | - | 29,593,236 | 99.58% |
| 2022 | 32,781,656 | 32,666,782 | 99.65% | - | 32,666,782 | 99.65% |
| 2023 | 40,569,986 | 40,209,763 | 99.11% | - | 40,209,763 | 99.11% |
| 2024 | 45,378,663 | 45,115,216 | 99.42% | - | 45,115,216 | 99.42% |

Source: Denton Central Appraisal District

(1) Includes amounts abated under economic development agreements.

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**Town of Little Elm, Texas**
**Municipal Sales Tax and Ratio to Ad Valorem Tax Levy**
**And Ad Valorem Tax Rate**
**Last Ten Years (Unaudited)**

The Town has adopted the provisions of Chapter 321, as amended, Texas Tax Code (the "Municipal Sales and Use Tax Act") which provides for the maximum levy of a one percent sales tax for general fund purposes, which may be used for any lawful purpose except that the sales tax revenue may not be pledged to the payment of debt. The voters of the Town approved a 1/2% sales tax for the benefit of economic development on January 16, 1993, with collections beginning June 1993. The voters of the Town approved a 1/4% sales tax for street maintenance on May 7, 2005, with collections beginning October 6, 2005. The voters of the Town approved a 1/4% sales tax for 4B community development purposes on May 12, 2007, with collections beginning October 1, 2007. Net collections on a fiscal year basis are shown below:

| Fiscal Year Ended Sept 30 | Total Collected | 1.25 (A) Town | % of Ad Valorem Tax Levy | ($) Equivalent of Ad Valorem Tax Rate | 0.50% 4A EDC | 0.25% 4B CDC |
|---|---|---|---|---|---|---|
| 2015 | $ 5,705,401 | $ 3,565,879 | 26.16% | 0.17398 | $ 1,426,350 | 713,175 |
| 2016 | 6,962,498 | 4,351,562 | 27.46% | 0.18168 | 1,740,625 | 870,312 |
| 2017 | 7,242,129 | 4,526,330 | 24.21% | 0.16020 | 1,810,532 | 905,266 |
| 2018 | 7,999,076 | 4,999,422 | 22.91% | 0.15069 | 1,999,769 | 999,884 |
| 2019 | 8,695,403 | 5,434,627 | 21.76% | 0.14141 | 2,173,851 | 1,086,925 |
| 2020 | 10,105,335 | 6,315,834 | 22.49% | 0.14619 | 2,526,334 | 1,263,167 |
| 2021 | 11,584,128 | 7,240,080 | 24.36% | 0.15828 | 2,896,032 | 1,448,016 |
| 2022 | 14,132,662 | 8,832,914 | 26.94% | 0.17351 | 3,533,166 | 1,766,583 |
| 2023 | 14,824,678 | 9,265,424 | 23.22% | 0.14627 | 3,706,170 | 1,853,085 |
| 2024 | 16,753,581 | 10,483,808 | 23.07% | 0.13612 | 4,052,597 | 2,045,539 |

(A) The Town's portion of the sales tax collections increased from 1% to 1¼% beginning October 1, 2005 as the result of the May 2005 authorization for an additional ¼% for street maintenance. The voters have continued to support this dedicated sales tax for the street maintenance program. This continuation was reflected in the May 2020 election. Town will re-certify with the citizen voters in 2025 as required by state law.

Source: Texas Comptroller of Public Affairs Website (http://www.window.state.tx.us/taxinfo/sales)

**Town of Little Elm, Texas**
**Ratio of Outstanding Bonded Debt by Type**
**Last Ten Fiscal Years (Unaudited)**

| | Governmental Activities | | | | |
|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | Certificates of Obligation | Other Obligations (A) | Lease Liabilities | Subscription Liabilites |
| 2015 | $ 31,043,926 | $ 10,563,955 | $ 2,032,096 | $ - | $ - |
| 2016 | 29,061,169 | 19,953,985 | 1,602,905 | - | - |
| 2017 | 26,856,884 | 19,095,903 | 1,222,932 | - | - |
| 2018 | 25,299,571 | 33,517,823 | 855,000 | - | - |
| 2019 | 24,556,855 | 36,644,677 | 495,000 | - | - |
| 2020 | 21,404,875 | 38,571,929 | 250,000 | - | - |
| 2021 | 18,754,992 | 51,955,893 | - | - | - |
| 2022 | 16,170,109 | 59,735,500 | - | - | - |
| 2023 | 13,645,226 | 56,170,100 | - | 112,853 | 358,760 |
| 2024 | 11,212,690 | 59,421,217 | - | 1,190,130 | 288,430 |

**Note:** Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(A) Includes Tax Notes

(B) See Table D-1 for personal income and population data.

| Business-Type Activities | | | | | | |
|---|---|---|---|---|---|---|
| General Obligation Bonds | Certificates of Obligation | Note Payable to EDC | Subscription Liabilites | Total Primary Government | Percentage Of Personal Income (B) | Per Capita (B) |
| $ 9,044,162 | $ 20,400,854 | $ - | $ - | $ 73,084,993 | 8.14% | 2,266 |
| 8,806,563 | 27,364,862 | 900,000 | - | 87,689,484 | 9.13% | 2,565 |
| 21,626,968 | 24,995,585 | 800,000 | - | 94,598,272 | 6.78% | 2,456 |
| 20,680,733 | 23,234,304 | 700,000 | - | 104,287,431 | 6.54% | 2,481 |
| 19,121,943 | 20,785,888 | 600,000 | - | 102,204,363 | 5.81% | 2,295 |
| 17,535,005 | 20,742,471 | 500,000 | - | 99,004,280 | 5.33% | 2,143 |
| 15,954,458 | 28,628,906 | 400,000 | - | 115,694,249 | 5.30% | 2,244 |
| 14,479,458 | 27,008,050 | 300,000 | - | 117,693,117 | 4.42% | 2,279 |
| 12,959,458 | 25,362,194 | 200,000 | 298,688 | 109,107,279 | 3.82% | 1,989 |
| 11,389,458 | 42,318,544 | 100,000 | 210,126 | 126,130,595 | 4.14% | 2,232 |

**Town of Little Elm, Texas**
**Ratio of Net General Bonded Debt to Assessed Value**
**And Net Value Bonded Debt Per Capita**
**Last Ten Fiscal Years (Unaudited)**

| | General Bonded Debt Outstanding | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | Certificates of Obligation (C) | Total | Less: Available Debt Service Funds | Net General Bonded Debt | Percentage of Actual Taxable Value of Property (A) | Per Capita (B) |
| 2015 | $ 39,005,000 | $ 10,450,000 | $ 49,455,000 | $ 1,005,376 | $ 48,449,624 | 2.48% | 1,432 |
| 2016 | 37,867,732 | 19,953,985 | 57,821,717 | 453,186 | 57,368,531 | 2.37% | 1,595 |
| 2017 | 48,483,870 | 19,095,903 | 67,579,773 | 746,213 | 66,833,560 | 2.33% | 1,750 |
| 2018 | 45,980,304 | 33,517,823 | 79,498,127 | 1,153,205 | 78,344,922 | 2.33% | 1,766 |
| 2019 | 43,678,798 | 36,664,677 | 80,343,475 | 1,080,534 | 79,262,941 | 2.03% | 1,780 |
| 2020 | 38,939,880 | 38,571,929 | 77,511,809 | 839,855 | 76,671,954 | 1.75% | 1,660 |
| 2021 | 34,709,450 | 51,955,893 | 86,665,343 | 680,723 | 85,984,620 | 1.83% | 1,668 |
| 2022 | 30,649,567 | 59,735,500 | 90,385,067 | 1,203,899 | 89,181,168 | 1.71% | 1,727 |
| 2023 | 26,604,684 | 56,170,100 | 82,774,784 | 2,086,732 | 80,688,052 | 1.26% | 1,471 |
| 2024 | 22,602,148 | 59,421,217 | 82,023,365 | 2,658,564 | 79,364,801 | 1.00% | 1,403 |

**Notes:** Details regarding the town's outstanding debt can be found in the notes to the financial statements.

(A) See Table B-1 for property value data.
(B) See Table D-1 for population data.
(C) This does not include Certificates of Obligations from Business-Type Activities. See table C-1 for Business-Type Activities revenue based ratios.

**Town of Little Elm, Texas**
**Direct and Overlapping Debt**
**As of September 30, 2024**
**(Unaudited)**

| Governmental Unit | Bonded Debt Principal | Percentage of Debt Applicable to Area (D) | Town of Little Elm Share of Overlapping Debt (C) |
|---|---|---|---|
| Debt repaid with property taxes | | | |
| Aubrey I.S.D. | $ 347,661,976 | 0.15% | $ 173,831 |
| Denton County | 673,670,000 | 4.16% | 28,967,810 |
| Denton County MUD #8 | 24,515,000 | 6.62% | 100,512 |
| Denton ISD | 2,104,582,488 | 4.99% | 123,538,992 |
| Elm Ridge WC&ID | 138,110,000 | 0.45% | 538,629 |
| Frisco I.S.D. | 2,191,990,934 | 3.50% | 71,458,904 |
| Highway 380 MMD #1 | 141,075,000 | 87.41% | 127,856,273 |
| Little Elm I.S.D. | 583,787,736 | 37.49% | 217,636,068 |
| Subtotal, overlapping debt | $ 6,205,393,134 | | $ 570,271,019 |
| Town of Little Elm Direct Debt (A) | $ 72,112,467 | 100.00% | $ 72,112,467 |
| Total direct and overlapping debt | | | $ 642,383,486 |
| Ratio of direct and overlapping debt princiipal to taxable values (B) | | | 9.99% |
| Ratio of direct and overlapping debt principal to actual market values (B) | | | 8.68% |

**Source:** Municipal Advisory Council of Texas

**Notes:**

(A) Includes Governmental Activities debt
(B) See Table B-1 for property value data.
(C) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Little Elm, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and buisnesses should be taken into acccount. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.
(D) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the various government's taxable assessed vallue that is within the government's boundaries and dividing it by the total taxable assessed value.

**Town of Little Elm, Texas**
**Legal Debt Margin Information**
**Last Ten Years**
**(Unaudited)**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Maximum Rate | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 |
| Total Tax Rate | 0.66500 | 0.66170 | 0.66170 | 0.65770 | 0.64990 | 0.64990 | 0.64970 | 0.64395 | 0.62990 | 0.58990 |
| Legal Debt Margin | $ 1.8350 | $ 1.8383 | $ 1.8383 | $ 1.8423 | $ 1.8501 | $ 1.8501 | $ 1.8503 | $ 1.8561 | $ 1.8701 | $ 1.9101 |

**Town of Little Eln, Texas**
**Demographic and Economic Statistics**
**Last Ten Calendar Years**
**(Unaudited)**

| Year | Estimated Population (A) | Personal Income | Per Capita Personal Income (B) | School Enrollment (C) Little Elm ISD | Unemployment Rate (D) Denton County | Average Household Income |
|---|---|---|---|---|---|---|
| 2015 | 33,842 | $ 950,418,728 | $ 28,084 | 7,193 | 3.4% | n/a |
| 2016 | 35,960 | 1,059,813,120 | 29,472 | 7,354 | 3.3% | n/a |
| 2017 | 38,194 | 1,384,074,172 | 36,238 | 7,371 | 4.1% | n/a |
| 2018 | 42,040 | 1,594,493,120 | 37,928 | 7,565 | 2.9% | n/a |
| 2019 | 44,530 | 1,760,493,550 | 39,535 | 8,055 | 2.7% | 117,502 |
| 2020 | 46,200 | 1,858,764,600 | 40,233 | 8,100 | 6.6% | 128,783 |
| 2021 | 51,553 | 2,184,197,504 | 42,368 | 8,011 | 3.9% | 134,914 |
| 2022 | 51,635 | 2,664,314,365 | 51,599 | 8,308 | 3.0% | 155,635 |
| 2023 | 54,856 | 2,855,474,224 | 52,054 | 8,364 | 3.7% | 150,506 |
| 2024 | 58,169 | 3,134,960,086 | 53,894 | 8,205 | 3.9% | 157,117 |

**Sources:**

(A)Estimated population provided North Central Texas Council of Governments
(B) Per Capita Income provided by GIS
(C) Little Elm Independent School District
(D) Bureau of Labor Statistics, Denton County

**Note:** Personal income is caluclated by multiplying estimated population by per capita personal income. Average Household Income for previous years not available.

**Town of Little Elm, Texas**
**Principal Employers**
**Current Year and Nine Years Ago**
**(Unaudited)**

| 2024 | | |
|---|---|---|
| **Employer** | **Employees** | **Percentage of Total Town Employment** |
| Little Elm ISD | 1,110 | 13.09% |
| Town of Little Elm | 469 | 5.53% |
| Retractable Technologies | 203 | 2.39% |
| Lowes Home Center | 117 | 1.38% |
| Kroger | 105 | 1.24% |
| Holt | 87 | 1.03% |
| Hobby Lobby | 33 | 0.39% |
| Applebee's | 17 | 0.20% |
| Total | 2,141 | 25.25% |
| Total Little Elm Daytime Employees | 8,477 | |

| 2015 | | |
|---|---|---|
| **Employer** | **Employees** | **Percentage of Total Town Employment** |
| Little Elm ISD | 823 | 22.86% |
| Kroger | 250 | 6.94% |
| Hula Hut | 142 | 3.94% |
| Town of Little Elm | 214 | 5.94% |
| Retractable Technologies | 157 | 4.36% |
| Lowes Home Center | 136 | 3.78% |
| Applebee's | 70 | 1.94% |
| Holt | 50 | 1.39% |
| 24 Hour Fitness | 35 | 0.97% |
| Hobby Lobby | 30 | 0.83% |
| Total | 1,907 | 52.95% |
| Total Little Elm Daytime Employees | 3,600 | |

Source: Top employers and employee count provided by Little Elm Economic Development Corporation.

**Town of Little Elm, Texas**
**Full-Time Equivalent Government Employees by Function/Program**
**Last Ten Fiscal Years**
**(Unaudited)**

| Function/Program | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 (A) | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Government | 19.00 | 19.00 | 21.00 | 22.50 | 21.50 | 24.50 | 21.50 | 23.50 | 25.00 | 26.50 |
| Public Safety | 95.50 | 111.50 | 112.50 | 129.50 | 136.00 | 147.00 | 158.00 | 179.00 | 186.00 | 193.00 |
| Public Works | 20.00 | 19.50 | 14.50 | 20.50 | 20.50 | 18.50 | 18.50 | 23.00 | 23.00 | 24.00 |
| Culture and Recreational | 35.00 | 37.50 | 40.50 | 47.50 | 49.00 | 46.50 | 82.50 | 68.00 | 70.00 | 71.00 |
| Planning and Development | 15.00 | 14.00 | 19.00 | 13.00 | 19.00 | 16.00 | 13.00 | 17.00 | 17.00 | 17.00 |
| Water and Sewer | 29.00 | 29.00 | 28.00 | 33.00 | 29.00 | 31.00 | 33.00 | 36.00 | 36.00 | 36.00 |
| Total | 213.50 | 230.50 | 235.50 | 266.00 | 275.00 | 283.50 | 326.50 | 346.50 | 357.00 | 367.50 |

**Source:** Town of Little Elm Finance Department

**Note:** (A) Prior to FY2022 was actual headcount; FY2022 and beyond includes approved positions excluding seasonal employees.

**Town of Little Elm, Texas**
**Operating Indicators by Function/Program**
**Last Ten Fiscal Years**
**(Unaudited)**

| Function/Program | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Public Safety | | | | | |
| Police | | | | | |
| Number of employees (A) | 49 | 52 | 58 | 59 | 71 |
| Number of violations (citations) | 5,332 | 4,617 | 4,744 | 5,635 | 6,780 |
| Fire | | | | | |
| Number of employees (A) | 45 | 55 | 54 | 64 | 62 |
| Number of volunteers | 10 | 10 | 7 | 9 | 6 |
| Number of fire runs | 1,112 | 1,287 | 1,327 | 1,413 | 1,606 |
| Number of EMS runs | 1,714 | 1,940 | 2,191 | 2,395 | 2,545 |
| Public Works | | | | | |
| Streets (miles) | 131 | 138 | 138 | 155 | 156 |
| Community Services | | | | | |
| Residential permits | 1,034 | 1,154 | 1,047 | 1,101 | 1,037 |
| Commercial permits | 68 | 76 | 91 | 101 | 65 |
| Cultural and Recreational | | | | | |
| Parks and recreation | | | | | |
| Parks (acres) | 500 | 500 | 500 | 500 | 500 |
| Participants in parks programs | 65,000 | 75,980 | 77,000 | 78,000 | 76,982 |
| Participants in senior program | 14,769 | 18,304 | 24,864 | 27,643 | 30,508 |
| Participants at Recreation Center | 47,690 | 53,632 | 77,679 | 114,915 | 113,571 |
| Participants at Aquatics Center | N/A | N/A | N/A | N/A | N/A |
| Library | | | | | |
| Volumes in Collection (C) | 47,531 | 77,928 | 81,380 | 215,539 | 224,086 |
| Circulation | 124,470 | 126,326 | 126,092 | 132,977 | 133,395 |
| Water and Sewer | | | | | |
| Number of water connections | 9,880 | 10,370 | 10,680 | 11,153 | 11,408 |
| Number of sewer connections | 9,531 | 9,983 | 10,272 | 10,732 | 10,948 |
| Average daily water consumption (B) | 3,164 | 3,201 | 3,253 | 3,718 | 3,953 |
| Maximum ground storage capacity | 7,170 | 7,170 | 7,170 | 7,170 | 7,170 |
| Maximum elevated storage capacity (B) | 3,578 | 3,578 | 3,578 | 3,578 | 3,578 |
| Water Purchased (B) | 1,127,728 | 1,235,350 | 1,351,428 | 1,500,532 | 1,411,097 |

**Source:** Town Departments

**Notes:** N/A - Data not Available

(A) Prior to FY2022 was actual headcount; FY2022 and beyond includes approved positions.
(B) Stated in millions of gallons
(C) Includes digital books available via shared databases

| 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| | | | | |
| 75 | 85 | 93 | 99 | 98 |
| 3,673 | 6,172 | 4,519 | 5,799 | 5,311 |
| | | | | |
| 62 | 64 | 74 | 85 | 85 |
| 3 | 2 | 2 | - | - |
| 1,635 | 2,001 | 2,046 | 1,883 | 2,025 |
| 2,709 | 3,321 | 3,170 | 3,381 | 3,437 |
| | | | | |
| 159 | 159 | 164 | 183 | 202 |
| | | | | |
| 1,005 | 1,306 | 1,230 | 1,024 | 1,258 |
| 64 | 64 | 82 | 59 | 98 |
| | | | | |
| 500 | 500 | 500 | 500 | 500 |
| 52,349 | 60,857 | 80,163 | 110,100 | 315,000 |
| 878 | 11,408 | 22,693 | 20,277 | 34,608 |
| 63,022 | 114,216 | 122,492 | 127,561 | 128,833 |
| N/A | 127,968 | 169,076 | 169,934 | 141,406 |
| | | | | |
| 190,332 | 198,259 | 201,561 | 359,769 | 388,427 |
| 153,270 | 140,644 | 148,297 | 178,911 | 195,406 |
| | | | | |
| 11,763 | 12,390 | 12,469 | 12,668 | 12,990 |
| 11,170 | 11,790 | 12,060 | 12,215 | 12,426 |
| 4,313 | 3,432 | 4,200 | 4,683 | 5,302 |
| 7,170 | 7,170 | 7,170 | 7,170 | 7,170 |
| 3,578 | 3,578 | 3,578 | 3,578 | 3,578 |
| 1,509,605 | 1,645,501 | 1,804,752 | 1,798,619 | 1,935,007 |

**Town of Little Elm, Texas**
**Capital Asset Statistics by Function/Program**
**Last Ten Fiscal Years**
**(Unaudited)**

| Function/Program | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Public Safety | | | | | | | | | | |
| Police Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police Patrol Units (B) | 17 | 19 | 25 | 30 | 30 | 30 | 39 | 71 | 78 | 93 |
| Fire Stations | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Police Motorcycle Units | 2 | 2 | 2 | 2 | 2 | 3 | 4 | 4 | 4 | 2 |
| Public Works | | | | | | | | | | |
| Streets - Paved | 131 | 138 | 138 | 155 | 156 | 159 | 159 | 164 | 183 | 202 |
| Cultural and Recreational | | | | | | | | | | |
| Parks (acres) | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Playgrounds (A) | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 7 | 7 |
| Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recreation Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Acquatics Center | N/A | N/A | N/A | N/A | N/A | N/A | 1 | 1 | 1 | 1 |
| Water and Sewer | | | | | | | | | | |
| Fire Hydrants | 1,270 | 1,270 | 1,431 | 1,510 | 1,527 | 1,559 | 1,568 | 1,522 | 1,648 | 1,697 |
| Ground Storage Facilities (C) | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Elevated Storage Facilities (D) | 44 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Lift Stations | 19 | 20 | 20 | 20 | 21 | 22 | 22 | 22 | 22 | 23 |

**Source:** Town Departments

**Notes:**

(A) Does not include HOA playgrounds
(B) Town has implemented a take-home vehicle program for officers
(C) Town has 2 Ground Storage Tanks for portable water, 1 reuse tank, and 1 inactive well.
(D) Town has 2 Elevated Storage Facilities for portable water, 1 for irrigation only, and 1 inactive EST.